# TRADE AND FINANCE IN THE BENGAL PRESIDENCY 1793—1833

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# PREFACE TO NEW EDITION

Asian trade since the age of reconnaissance has become the busiest research enterprise for some time. From Wilson's *Early Annals of the English in Bengal* (1895–1900) and Foster's *The English Factories in India* (1895–1900) to K. N. Chaudhuri's *The Trading World of Asia and the English East India Company 1660–1760* (1978) the progress has been marked with increasing sophistication. Holden Furber played a seminal role with his *John Company at Work* (1948). C. R. Boxer in scholarly monographs and *haut vulgarisation* probed the rich treasures of the Dutch archives on a wider scale. While I studied the complex interaction of trade and empire and public and private trade subsequent to Furber's terminal date in my London thesis (1954), the earlier period was taken over by S. Bhattacharya in *The East India Company and the Economy of Bengal from 1704 to 1740* (1954), and Mr K. N. Chaudhuri's *The English East India Company: the study of an early Joint Stock Company 1600–1640* (1965) signalized a more modern approach than S. A. Khan (1923) and Bal Krishna (1924). The Dutch archival mines were now being furiously quarried by J. C. Van Leur (1955), K. Glamann (1958), B. H. M. Vlekke (1958), M. A. P.M. Roelofsz (1962), T. Raichaudhuri (1962) and A. Dasgupta (1967). The Danish sources were used for the first time by Ole Feldbeck in 1970. While N. Steensgaard offered a new thesis on Euro-Asian trade in the early seventeenth century in *Carracks, Caravans and Companies* in 1973, P. J. Marshall modified Furber's thesis in his brilliant study of *East Indian Fortunes* in 1977 and A. Dasgupta followed up M. N. Pearson's study of sixteenth century Gujrat trade (1976) with a penetrating look at Surat in a later period (1978). A still younger generation has joined the fray and made significant contributions to the Indo-European and Asian general and regional trade. The names of S. Arsaratnam, Om Prakash, Sushil Chaudhuri and Indrani Roy come up in this connection. A computerized history of Asian trade by K. N. Chaudhuri—at once forbidding and challenging—promises to them a revolutionary departure.

While the new generation is fortunate in having a great model (but how few have followed it!) in F. P. Braudel's monumental *The Mediterranean and the Mediterranean World in the age of Philip II* (translated from French into English in 1972–73), I have been influenced by Holden Furber's *John Company at Work* (1948), the first in-depth analysis of the English East India Company's Asian activities between 1783 and 1793, and by C. H. Philips's *The English East India Company 1784–1834* (1940) which, Namier-wise, lays bare their English context. I begin the story where Furber leaves it and continue till the Company ends its historic career as a joint stock trading corporation to retain its hold on the imperial legacy of the Mughals.

The first edition of this book was published in 1956 when Romesh Chandra Dutt's *Economic History of India under Early British Rule* was still regarded as an authoritative exposition of the impact of the Company's trade and government on Indian economy in the academic circles of India. Dutt derived its institutional treatment from the prevailing Whig view of history, its moral tone from the self-righteousness of Gladstonian liberalism and its utilitarian bias from the Indian middle class ethos at the end of the nineteenth century. Confronted with the problems of mass-poverty and recurring famines, denied economic progress by Governmental policy and the private British capitalist interests alike, debarred, except marginally, from political influence on legislation and administration, the middle class nationalists were seeking for an historical explanation of the present impasse and an economic programme for future regeneration. Dutt's book is an articulation of this *zeitgeist* and he shared it with Dadabhai Naoroji, Dinshaw Wacha, G. K. Gokhale and many others. The East India Company's trade was depicted as the destroyer of indigenous industries, its finance as a medium of 'drain', its revenue policy as an incubus on agrarian development and its empire-building as the cause of the colossal India debt.

Dutt saw economic and political forces as unconnected strands and missed the interwoven texture of growth. External and inland trade, industry and commerce, revenue and debt were dealt with separately while they could have meaning only in the context of the inexorable expansion of the British empire in India and the overwhelming challenge of an industrial to an agrarian economy in a colonial situation. He failed to perceive the crucial role of

the private British capitalists in India, represented by the agency houses, who, in the absence of facilities for remittance through direct trade with London before 1813, invested more and more in the empire and who, in the absence of favourable conditions for import of capital from London, unleashed the full blast of Industrial Revolution on India's domestic system of production.

I have discarded his over-simplifying approach and denunciatory tone. Although I have not applied, like K. N. Chaudhuri, the concepts of function and system to the analysis of the East India Company's structure and activities at home and abroad, I am aware of the immense complexities of the forces at play and of contradictions implicit in the situation itself. Neither the Company nor the private British capitalist can be called a monolithic concept. I have distinguished between the dual aspects of the Company, which was both a trading monopoly and a sovereign power in my period (but not in K. N. Chaudhuri's), and often found them in conflict. Even as a trading monopoly, it embraced component, and often contending, interests which dominated its policy at different stages. The private trade interest had been very weak in Chaudhuri's period but gradually assumed strength to which combination with the British industrial interest contributed since 1812. Complexities are conspicuous no less in the ranks of the private British capitalists who included the servants of the Company, the free merchants and free mariners, the country traders, the manufacturers of products for the European market (like silk, indigo and sugar) and the creditors of the Company. The boundaries often overlapped as, for example, the servant of the Company had been a trader before Cornwallis's reforms (and, if he belonged to the Board of Trade, he could still pursue commercial activities) and he was a creditor *vis-à-vis* the Company, the country trader and the manufacturer, as the case might be.

The agency houses imposed some sort of unity on this bewildering confusion. They received the savings of the Company's servants and the profits of the traders and the manufacturers and arranged for investment thereof in country-trading, ship-building, manufacture of indigo, purchase of opium for China and public securities at times of war with the consequent task of remittance, wholly or partly, of the returns thereof to England through trade, legal or illicit, and bills of exchange or respondentia, whatever was available. A contradiction arose when the agency houses in-

vested on their own (which was very often) and confronted scarcity of capital or difficulties of remittance. To solve the former problem they wanted import of cheap capital from England; to solve the latter, relaxation of the Company's monopoly. Failing to gain facilities for import of liquid capital, they were forced to import more and more of mass-produced British manufacture. And thus they formed a link between the commercial capital in India and the manufacturing capital in England, both interested in free movement of capital and commodities between the colony and the metropolis, that proved to be too overwhelming for the Company's age-old privileges.

The relations between the Company's Indian governments and the agency houses should have been logically hostile but were actually ambivalent—contradictory and yet complementary. The explanation lies in the relentless imperial expansion in India and the continuous wars it entailed, some of which, however, were extensions of the French Revolutionary and Napoleonic wars in Europe. The financial implications of the Empire can be best viewed from the Bengal Presidency which was not only the political and commercial but also the financial base of the Company in India. The configuration of the Bengal Presidency never remained static. It was always on the move, like the West in America; its frontiers were rapidly fanning out till, by 1833, they engulfed the whole of northern India, barring the Punjab, and some parts of Burma. To the original possessions of Bengal, Bihar and Orissa (the 'diwani' of which was acquired in 1765), Banaras was added by 1775. The Nawab of Oudh ceded the districts lying on the eastern, southern and western boundaries of his kingdom in 1801. The Peshwa ceded Bundelkhand in 1802. Wellesley's Maratha wars (1803–5) yielded Cuttack, Roygarh and districts in the Doab, situated in the east and westward of the Jumna, including Delhi and Agra. The Marquess of Hastings conquered (1817–19) from the Bhonsle a large chunk south and north of the Narmada; from the Pindaris, Saugor, Hutta, Bhopal, etc; from the Sindhia, Ajmere; and from the Holkar, districts within and north of the Boondie Hills, lying south of Jaipur. The Burma government ceded to Amherst in 1826—Arracan, Tavoy, Mergui, Tennaserim, Assam, Manipur, Cachar and Jaintia. The list is staggering.

The furious pace of expansion over a period of thirty years

since Wellesley would have been financially unbearable even for a western nation. But this was not all that Bengal revenues were called upon to bear. Bengal had to finance the wars of other presidencies (like the Mysore and Maratha wars). She bore the cost of defence against the French and their allies. She footed a substantial part of the bills on account of expeditions to the Red Sea, the Eastern Islands (once in Shore's time and the second time, under Minto) and the French Islands.

The resources of Bengal were palpably inadequate for the task. These consisted of land revenue, salt and opium monopolies, customs, transit duties and a meagre income from mint, post office and stamps (which began to come in from 1797–8). Land revenue alone furnished more than three-fifths of her total income. But from 1793 it had been permanently fixed. Repercussions of imperial expansion on such inflexible resources were bound to be disastrous. When the 'investment' for England was added to these well-nigh crippling burdens, the Company's government in Bengal had to raise extraordinary resources, the lion's share of which came from loans from the private Britich capitalists.

Financial exigency, born of imperial expansion, brought the government into close connection with the agency houses, who were the representatives of these capitalists and were, like the government itself, dependent on their capital in a narrow money market. Either the government or the agency houses would suffer if the creditors diverted capital from one to the other according to conditions of trade and rate of interest available. The agency houses suffered when the government raised the interest rate or put obstacles before trade. The government suffered when the agency houses, due to stagnation in trade or failure of indigo speculation, sold their holdings of securities or stopped buying opium. The government's financial policy, like debt-funding or reduction of interest, caused transfer of capital to England which reacted severely on both. Its commercial policy of charging high freight or banning India-built shipping or monopolizing silk caused clandestine trade or a speculative rise of commodity prices which hurt the government no less than the traders. The mutual interests of the two forced them to work out a *modus vivendi*. The servants or the ex-servants of the Company, who were creditors of both and had a stake in the survival of both, saw to it.

Thus the government helped the agency houses with loans or a cheap money policy in times of depression and financial stringency and the agency houses helped the government by providing loans for war or 'investment', accepting discredited securities and bonds, and facilitating China remittance through opium trade. They were both eager for import of capital from England which, by relieving the pressure on the money market, would reduce the cost of trade as well as empire. It was the exigency of imperial expansion, more than any doctrinaire philosophy of free trade, which forced Cornwallis to introduce 'privilege trade', Wellesley to espouse the cause of India-built ships, Minto to transfer India debt and Bentinck to shore up the falling agency houses and grant indigo-planters ownership of land.

The third important force, the British manufacturing interest, entered the scene a little later, to find an ally in the agency houses. In a way they, too, were interdependent, the former for the opening and development of the Indian market and the latter for import of capital in the form of manufactures consigned to them on large commission or long dates. The commission enabled the agency houses to suffer positive losses for years till the phenomenal improvement of industrial technology reduced the cost of British goods, especially cotton textiles, and free trade cheapened transport. Their approaches were similar so far as the Company's residual privileges were concerned. Manufactures, unsold in India, could not be pushed into the East Indies or China because of the monopoly, and capital could not be invested in large-scale production of Indian raw materials due to the Company's ban on European ownership of land, licence laws, inland customs and remittance trade still allowed to the Company after 1813. Intermittent depressions in world trade and shipping during this period lent a sharp edge to the demand for wider markets (viz. China) and development of raw materials. It is significant that each charter period fell in the trough of a trade cycle.

The struggle against monopoly was conducted simultaneously in India and England. In India the private traders received tacit, and sometimes open, support from the Bengal government. In England the manufacturers took up their cause in self-interest. Between them the Company was hard pressed throughout this period and had to yield first its India (1813) and then its China monopoly (1833). The Board of Control did not always play the

role of a neutral arbitrator and the British government was increasingly influenced by the philosophy of free trade. All the charters between 1793 and 1833 were compromises, but inevitably registering the growing ascendancy of the superior economic force of industrial capitalism.

The pattern of cooperation and conflict was never absolute and realignment of interests was not uncommon. A conflict between the shipping and private trade interests was latent in the Company's home organization, while the contradiction between the lending and borrowing groups among the private British capitalists appeared during financial and commercial crises. The Company and the agency houses thought alike on the issue of tariff on Indian goods in Britain while the manufacturing interest was staunchly protectionist at the beginning and qualified free-trader at the end. Private capital invested in British shipping was hostile to private capital invested in India-built shipping. The outports (like Liverpool) vied with London. The established agency houses at Calcutta (like the Fairlies or the Palmers) did not exactly welcome the free traders with open arms. Behind the victory of free trade lay political and economic exigencies rather than theoretical arguments.

While evaluating the impact of the trading companies on Asia in the seventeenth and the greater part of the eighteenth century, K. N. Chaudhuri writes:

> In areas such as the Indonesian archipelago both the Dutch and the English followed a mixture of commercial and coercive methods to procure their return cargo of pepper and spices. But in India and China normal market transactions were the main form of trade. The economies of the two great empires of Asia benefited from the expansion of economic relations with the West. The huge influx of bullion which resulted from the new demand was only one indication of the growth in income and employment. The export of textiles turned the coastal provinces of India into major industrial regions, and the bullion imported by the companies passed directly into circulation as payments for the export goods. The contribution made by the merchants and the producers

> to government revenue and taxation was the main reason, as the Court of Directors and the Mughal historian Khafi Khan agreed alike, why the ruling powers in India encouraged European trade.[1]

This happy state of affairs had, however, ceased before my period began. In the earlier times the command of the seas possessed by the trading companies set the pattern of their political activities in Asia.

> The vulnerability of the East India Company's factories and settlements from the land forces of the local rulers was counter-balanced to a great extent by its capacity to blockade important trading ports and interrupt the sea-borne trade of the merchants.[2]

The only overt show of force by Josiah Child against the Great Mughal in 1688–9 proved too disastrous to be easily forgotten. The decline of the Mughal empire in the eighteenth century, however, was too obvious to be missed and Child was remembered by Clive. The successive political revolutions in Bengal between 1757 and 1760 were a sort of an overture to the establishment of the British sovereignty over the Bengal Presidency by Warren Hastings. The capture of the inland trade of Bengal by the servants of the East India Company after 1760 turned the conquistadors into Nabobs. The possession of Diwani in 1765 put into their hands an enormous source of revenue which obviated the need for import of bullion for the purchase of the investment and China remittance. The foreign competitors were laid low during the War of American Independence and, although they returned after 1783, they were now at the mercy of the English Company. The Indian merchant-intermediaries between the Company and the primary producers bowed away from the stage when Cornwallis replaced the contract system by the agency system. Although Indian trade never had been on or even now declined to the pedlar level, the big Armenian merchants of Bengal, like

1 K. N. Chaudhuri, *The Trading World of Asia and the English East India Company 1660–1760* (Cambridge, 1978), p. 462.

2 *Ibid.*

Khawaja Surhaud and Khawaja Wazid, mentioned by Chaudhuri,[3] gradually disappeared after 1813. And the primary producers themselves—the weavers, the silk-reelers and winders, etc.—felt the brunt of Cornwallis's regulations which gave absolute priority to the Company's orders. The trader had become the lord of the land and the combination of such disparate roles along with the stoppage of bullion import and even partial drainage of surplus revenue in goods as well as treasure inaugurated a period of colonial exploitation.

The approach of this author has dictated his method, which is statistical. He does not claim absolute accuracy for the data he has built upon. On the contrary, none is more aware than he of the vagaries of the Customs House and the evidence of undervaluation. The conclusions, based on the statistics of a period which knew little of the technique of collection and collation of quantitative data, can only be tentative. He is, moreover, fully cognizant of the importance of human factors in history. The statistical and personal testimonies check and recheck one another's excesses.

Apart from the Parliamentary papers and the printed official records, I have used a vast amount of manuscript materials, like the official correspondence between the Bengal government and the Court of Directors in different departments between the 1780s and the 1830s; private correspondence between the Governors General and the Chairmen and Deputy Chairmen of the Court and the Presidents of the Board of Control during their respective terms; the proceedings of the Bengal Board of Trade and other departments, where necessary; the correspondence between the Court and the Board; the Charter Papers; the private papers of David Scott, Wellesley, Bosanquet, Liverpool, Huskisson, Bentinck and Ellenborough and the private correspondence of East India agents, like William Fairlie and John Palmer. For trade statistics I have discovered a very valuable series of MSS in the India Office Library—the Bengal Commercial Reports—which, besides giving the Calcutta Customs House records of Bengal trade, offer information on freight, shipping and prices in

3 K. N. Chaudhuri, 'Markets and Traders in India during the Seventeenth and Eighteenth Centuries,' in K. N. Chaudhuri and C. J. Dewey (*ed.*), *Economy and Society* (Delhi: OUP, 1979), pp. 143–60.

the Calcutta market. The series of Financial Letters and Enclosures Received (Board's copies) in the same library are a mine of information on financial transactions, budget estimates and actual accounts and the state of the Bengal money-market. For shipping I have drawn upon a contemporary compilation by an employee of the Master Attendants' Office and the Bengal Commercial Reports. Contemporary pamphlets, journals, magazines and newspapers contain a lot of vital data.

I am grateful to Sir (then Professor) C. H. Philips of the School of Oriental and African Studies, London, for sympathetic supervision of the thesis, which formed the nucleus of this book. I have found in him a *guru* of ancient India, who is much more than a formal guide. To the Keepers of the British Museum and the Public Records Office and the Librarians of the India Office Library (London), the Bodleian Library (Oxford) and the Nottingham University Library (Nottingham), I owe my access to manuscripts. I acknowledge their kind help with pleasure. I pay homage to the memories of two of my teachers and predecessors in office—Dr Indubhushan Banerjee and Dr Narendra Krishna Sinha—whose inspiration has sustained me till now. Sir Jadunath Sarkar went out of his way to encourage a neophyte with books, advice and, ultimately an over-generous review of the first edition that I would treasure all my life. By agreeing to publish a second revised edition, the Oxford University Press holds me deeply in debt.

AMALES TRIPATHI

# KEY TO CURRENCY AND WEIGHTS AND MEASURES

## CURRENCY

| | | |
|---|---|---|
| 100 Current Rupees | = | 86 Sicca Rupees three annas and four pies approx. |
| 100 Sicca Rupees | = | 116 Current Rupees |
| 100 Arcot Rupees | = | 108 Current Rupees |
| 100 Bombay Rupees | = | 110 Current Rupees |

## WEIGHTS AND MEASURES

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | Factory maund | = 82 lb | 2 oz. | 2 drs. | 133 dec. | avoirdupois. |
| 1 | Bazar maund | = 74 lb | 10 oz. | 10 drs. | 666 dec. | avoirdupois. |

# CONTENTS

# The Charter of 1793

THE balance-sheet of the East India Company always defied precise analysis. This was especially true in the last quarter of the eighteenth century when its revenue, commerce, and India and China affairs were inextricably mixed up. It is not surprising when we consider the many variable factors that entered into its computation: the revenues and charges in India; the rate of interest on loans; the sale value of exports; the stocks in warehouses; the amount of private and privilege trade; the honest or clandestine transactions of the foreign East India Companies; and the quantity of bills of exchange drawn from different presidencies in India on different accounts which the Company had to meet in London. The India budgets were half guesswork and half based on stale statistics likely to be corrected in the next letter from Fort William. Henry Dundas, the President of the Board of Trade, worked on estimates about which Philip Francis, the ex-councillor of Bengal, 'remained fixed in opinion' that they 'might be so cut and contrived as to be made capable of supporting any assertions, however glaringly monstrous or absurd.'[1] It was impossible to keep pace with the kaleidoscopic march of events in India which upset all Leadenhall Street calculations with an Olympian whim. It is true as William Playfair said, 'Millions upon millions, and crores upon crores appear to vanish like Chinese shadows leaving but a remembrance behind,'[2] but this was inevitable and implicit in the very nature of this unique institution. The East India Company was rapidly growing, and an autopsy was impossible at any particular time.

Earlier attempts to reconstruct the Company's balance-sheet seem to have been vitiated not only by ignorance of scientific accounting methods but by deliberate misstatements to protect the Company's interest or to discredit the Company's policy.

An analysis of the budget presented by Dundas on 25 February 1793 will prove the point.

Dundas was optimistic of the Company's financial and commercial prospects. In his view the net surplus revenue of the Company's Indian possessions on the average of three years—1787–8 to 1789–90—was £1,614,013, that of Bengal alone being £2,322,897. The estimated net surplus of 1793–4 (Dundas was rash enough to ignore the intermediate years, the accounts of which were interrupted due to the Third Mysore War) was £1,725,000, Bengal's contribution being £1,986,000. Deducting interest on the India debt and adding all extraordinary resources, the fund available for investment would amount to £1,409,127. This included China supplies worth £250,000.[3] The average commercial profit on India trade between 1790 and 1793 was £351,831,[4] and the addition of China trade brought it up to £434,581. The excess of annual receipts over payments of the Company in England (including payment of an 8 per cent dividend) amounted to £1,239,241 of which as much as £1,059,627 was derived from the Indian revenue. An analysis of stock per computation on 1 March 1793 showed £855,408 in favour of the Company.[5]

When we look to the debt account, however, the other side of the picture comes into view. Total debts in India on 31 January 1793 amounted to C.R. 9,08,45,508[6]—debts bearing interest being C.R. 6,93,39,432 and interest payable per year, C.R. 59,22,097. Interest on debt had to be deducted from the gross surplus revenue of India before the latter could be applied to the purchase of the investment, while a provision for payment of the principal was immediately called for if the vicious circle of loans to repay earlier loans was to be broken. Debts at home, exclusive of the capital stock whose nominal amount was £5,000,000 but real worth £7,780,000,[7] totalled £9,247,019. The debts transferred from India according to the plans of 1785 and 1787 swelled them further to £10,601,069. Total assets in England and India were calculated to be £17,113,854, most of which had been long locked up in buildings, forts, warehouses, and so on.[8]

The commercial aspects of the East India Company appeared even more dismal. Dundas's estimate of stock per computation did not include the item of capital, and the correction puts the

balance against the Company at £4,144,592.[9] The gain from India and China trade during 1780–90 amounted to £1,866,420 which gives £5. 16*s*. 8*d*. on the original capital of £3,200,000, and if the profits on export trade during the same period, £976,278, be added, the out-turn increases to £8. 17*s*. 8*d*.[10] Holden Furber, calculating on the real value of the stock, puts it at 5–5½ per cent. On the whole 'the owners of East India stock could presumably have liquidated their vast concerns without going very deeply in the red, but they could not have recovered either the nominal or the actual amount of their investment' and 'we must also think of the investment of at least £6,000,000 in the Company's India bonds as also wiped out.'[11]

To sum up, in spite of its rapidly increasing acquisitions in India and the conspicuous wealth of its ex-servants, the Company in 1792 was financially most vulnerable and was conducting a trade which no prudent merchant would consider profitable. The imposing facade of the millions brought in by the Nabobs concealed an almost empty exchequer. As Dundas confessed, the Company went on with the trade because it was still the best medium of remittance of the surplus Indian revenue consistent with its trade monopoly and its sovereign status in India.

Dundas estimated this surplus revenue at £1,621,050 (or £1,725,500 if commercial charges were not deducted). Other resources, on which the Company's trade could rely, were bullion and merchandise exported to India, funds obtained from sale of certificates to the commanders and officers of the Company's ships, sale of commercial bills drawn on the Court, and subscriptions on account of the transfer of debt begun since 1785. Bullion exported to India between 1783–4 and 1792–3 amounted to a meagre £721,914[12] and the export of merchandise, though rising from £400,000 in 1784 to £1,000,000 by 1793, had never been very profitable.[13] The sale of imported goods between 1786–7 and 1790–4 fetched on average C.R. 27,86,676 per year while the sale of certificates brought in C.R. 4,61,606.[14] Bills of exchange averaged at C.R. 4,10,806[15] and debts subscribed in India per orders of the Court of 1785 and 1787 amounted by 30 April 1791 to C.R. 1,71,77,967 and C.R. 1,94,51,927 respectively.[16] Thus the Company ultimately depended on the Indian revenues to keep its whole concern going in India and China for instance, though more than four million pounds in bullion and

three million pounds in goods and stores had been sent to Canton between 1785 and 1791, the latter sold at a loss and the supercargoes pestered the Supreme Government in Bengal for funds.[17] Francis Russell recognized in Indian revenues the key-stone of the gigantic edifice of the East India Company. He calculated an aid of £765,000 per annum from Indian revenues to the commercial gain of £767,687, so that the Company could meet its commitments, establish a sinking fund for its untransferred Indian debt and still have a surplus for the liquidation of its home debts.[18]

Of all the Company's settlements in India the presidency of Bengal alone provided this desired surplus after meeting the others' deficits. Her surplus revenue, which rapidly shrank as civil and military charges increased, was estimated at C.R. 1,98,60,000. The sale of imported goods and certificates in Bengal had yielded between 1786–7 and 1790–1 an average of C.R. 11,03,250 and C.R. 2,54,733 respectively.[19] The amount of debt subscribed in Bengal during 1786–90, per orders of the Court regarding debt transfer, came up to C.R. 1,75,05,045.[20] Bills of exchange were granted to the tune of C.R. 2,07,063 per annum from 1786 to 1791.[21] These were about all the extra-ordinary resources that Bengal could add to her surplus revenue. Out of the total she had to meet annually the prime cost and charges of investment on an average of C.R. 91,51,808,[22] supply Canton with C.R. 17,97,378, Bencoolen and Penang with C.R. 5,00,000,[23] and Bombay and Madras with Rs 25 to 30 lakhs each.[24]

It is hardly surprising in such circumstances that whenever Bengal had to wind up the accounts of a war (as in the regime of Sir John Macpherson) or to wage a new one (as in the regime of Lord Cornwallis) she had to rely on loans at high interest or was forced to open subscriptions for procuring the annual investment. The government had to tap an extremely limited capital market.[25] In the competition that ensued between a needy state and the still needier private merchants, the only gainers were the Company's servants, who were on the look-out for such occasions or were even eager to contrive them, if necessary. The remittance loans of 1780–1, the investment loans of 1782–3 and 1783–4, and bills on account of investment of 1787–8 and 1788–9 tell their own sad tale.[26] The debt of Bengal had stood

at C.R. 3,62,00,000 in 1786. The Third Mysore War increased it to C.R. 5,90,54,344 by 31 January 1792. About C.R. 45,00,000 of this accretion was raised at 12 per cent.[27] So long as this debt remained, it would act as a drag on the surplus, the investment would be rendered uncertain, and the Company's credit would suffer. Moreover, if some mode of remittance was not devised for income from this debt, it would, like private fortunes arising from other sources, seek a channel to Europe through illicit trade.

In the 1790s, therefore, the exigencies of public finance and the need for private remittance were impinging detrimentally on the Company's revenue and profit. Wars followed in quick succession; the government borrowed at high interest; the income was sent through the French, the Dutch, or the Danes because the Company refused to allow a reasonable remittance. These years witnessed a struggle of the private British merchants and the creditors of the Company, for a channel of remittance through the Company's trade. It was only when their goal was frustrated that they campaigned against the Company's monopoly under the leadership of the agency houses. We will now trace the course of that struggle in Bengal from 1785.

Lord Macartney, the Governor of Madras, and Sir John Macpherson, the Governor-General of Bengal, acquainted the newly constituted Board of Control with the creditors' point of view. In 1785 the India debt stood at Rs 8 crores, arrears of payments to troops came up to £930,000,[28] discount on the Company's treasury orders was about 18 per cent[29] and on the Company's bonds 40 per cent.[30] There was an acute scarcity of silver with deplorable effects on the investment and general trade.[31] Though the Company lacked funds to procure investment, it not only refused to allow private merchants and its own servants to send their fortunes in the Company's ships but threatened dire consequences if an illicit trade with foreigners was resorted to. This situation was inevitably exploited by the foreigners to the detriment of the Company's home sales. George Smith, a resident merchant of Bengal, wrote,

> the Danes have in this season dispatched from hence for Europe fifteen ships, the Portuguese six, whilst the English Company, though the Lords of the Country, have only and

> with difficulty dispatched, and laden seven ships for England, a strong evidence of the necessity of channel or remittance through the Company, for our private fortunes.[32]

The Committee of Secrecy had already received a letter in this strain from Lord Macartney, urging the necessity of funding the India debt at home at low interest while increasing the investment with the saving.[33] Sir John Macpherson was of the same opinion. He roundly condemmed the Company's niggardly provision of £180,000 per annum for private remittance and the penal clauses in Pitt's India Act which drove private trade with the foreigners underground. Macpherson held out the hope that Rs 30 lakhs arising out of the retained interest could be applied to augment the investment and that this sum would rise to Rs 80 lakhs in 1791–2.[34] In anticipation of the Court's consent, he proposed to take up six additional ships in Bengal to carry this increased investment to London. The urgency of the measure grew with the appearance of the first American ship in Calcutta on 17 June 1785,[35] which with cargo 'are said to be English property, appearances are strongly for their being so.'[36]

Dundas had been considering the problems of the India debt and clandestine trade since his appointment as the President of the Board of Control. In 1785–6 a section of the Court, headed by Sir Francis Baring, tried with Dundas's support to tackle them by a Convention between the French and the English East India Companies aimed at preventing the former from trading on the capital of the latter's servants.[37] But this move was strenuously opposed by Warren Hastings and his champion in the Court, Laurence Sulivan, on political grounds. Before the Convention fell through,[38] the plans of Macpherson and Macartney came up for discussion, and Dundas once more lent his support, partly for reasons of his own.[39] Hastings and the Indian interest were favourable. Sulivan, with his own intimate knowledge of Indian affairs and possibly influenced by his son's letters on clandestine trade, saw no objection to the Dundas plan of transfer of debt.[40] Only the old guards like Nathaniel Smith opposed it as impracticable and impolitic but could not prevent its passage.

Consequent on the Board's insistence,[41] the Company sent a plan of transfer of the India debt. It allowed a gradual transfer to the total extent of £6 million, authorized subscriptions on

debt account for bills on the Court, and increased the investment of Bengal to Rs 115 lakhs (of India to Rs 150 lakhs), the returns of which would constitute the fund for the payment of the transferred debt. It fixed the rate of exchange on bills to be granted to the creditors at 1*s*. 8*d*. to the Bengal current rupee, payable 558 days after date with option to the Company to postpone full payment on half-yearly interest at 3 per cent. Instalments of not less than 10 per cent of the principal were to be paid every year after 1 March 1790.

Bad news came from Lord Cornwallis. His description of the state of Indian finances held out little hope of an enlarged investment. Like Macpherson he had inherited bankruptcy. A comparison of assets and debts in India in November 1786 left a debit balance of more than Rs 3 crores against the Company. The total debt amounted to over Rs 6.5 crores. Bonds bore a discount of 25 to 30 per cent and treasury orders of 10 to 20 per cent.[42] The jobbing of government paper was scandalous, and revenue was anticipated to pay the contractors of the Board of Trade. In addition, salaries were issued in certificates bearing 8 per cent interest, while the investment was reduced, supply to China was curtailed, and the plan of debt transfer was nullified because the rate of exchange had been inadvertently fixed at 1*s*. 8*d*. whereas the market rate was no less than 2*s*.[43] The plan moreover provided for 'about one-tenth of the remittance which was required by the British subject . . . . '[44]

The problems which vexed Cornwallis most were those of the investment and China supplies. The system of procuring investment by contract had led to wholesale collusion between the contractors and the members of the Board of Trade. The Court lamented over clandestine remittance by their servants 'to Copenhagen, L'Orient, and other different parts of Europe, the choicest selection of the most valuable and profitable that the country affords.'[45] While the private traders got 3*s*. 9*d*. for the rupee, the Company's investment 'scarcely net us the rupee at par.' Cornwallis called the Calcutta warehouses 'a sink of corruption and iniquity.'[46] Macpherson's economic reforms, by heedlessly reducing the official salaries, had only increased the abuses.[47] Not only the Company but the weavers of Bengal suffered, the latter being forced to work for unremunerative rates. The China supplies were another headache. As British

goods would not sell in China and the opium trade was still in its infancy, Bengal was being denuded of silver to purchase the China investment. She could not 'without ruin, continue the exportation of . . . specie.'[48]

Cornwallis took several measures to protect the investment and prevent these abuses. Collectors were forbidden to engage in private trade in 1787,[49] and the prohibition was extended to the revenue and the judicial departments by 1789.[50] Cornwallis would have liked to include the commercial residents, had he not apprehended a consequent injury to public investment;[51] he compensated by increasing the salaries and commissions of the officials concerned.[52] The contract system was abandoned (except in opium) for the agency system.[53] A consolidated list of twenty-one regulations was passed on 19 July 1786 whereby the weavers could be coerced to deliver the full quota of the Company's cloth within the period agreed upon. The Regulations of 23 July 1787 protected the Company from defalcation caused by collusive sale to the foreigners.[54] The settlement in Penang was maintained so that remittance from Bengal, sent in Indian goods, could be sold there for Malay tin and spices for the China market.[55] With a similar end in view Cornwallis made a commercial treaty with Oudh which would not only contribute to the development of Bengal trade with the Deccan but facilitate remittance of the China trade with the imported cotton of the Doab.

These measures, however, did not contribute to the Company's financial affluence. Cornwallis considered reduction of expenditure as a secondary object. Honesty, regularity, uniformity, and simplicity were the watchwords of his reforms, and he preferred to pay the cost.[56] The ordinary charges of administration increased. Bombay and Madras added to his burdens.[57] Cornwallis had no resources to procure full investment. In 1788 and 1789 he was forced to take the momentous step of accepting private goods for shipment on the Company's vessels, though Macpherson had been condemned for such action in 1786–7.[58] Moreover, he considered 2*s*. to be the minimum exchange rate for transfer of debt as foreigners, private traders, China bills, indigo, and diamonds furnished a better remittance. In the possibility of war, he further suggested that 'a remittance at almost any rate is eligible, I might even say absolutely necessary.'[59] The so-called 'privilege trade' of 1788–9, however, was never given a chance.

By imposing a freight of £31. 16*s*. per ton and allowing it only when the Company could not procure goods on its own account, the Court soon drove private remittance into foreign channels.[60]

The people most injured by this erratic policy found leadership in the agency houses who had by the 1790s solidly established themselves in Bengal. Their beginnings go back to the 1770s. For most of the eighteenth century Europeans had traded on their own, aided by their *banians*, or in short-lived partnerships. The Mayor's Court records give ample evidence of the debts owed by the Company's servants or free merchants to Indians, like Huzuri Mal, Gokul Ghoshal, Nabakrishna Deb (Nobkissen), Krishna Kanta Nandi (Cantoo), Rutto Sircar, and Prabhuram Mallik.[61] A fair proportion of European trade, however, was European in a nominal sense. This dependence on Indian skill and capital gradually diminished with British political ascendancy in Bengal and the enormous gains the Company's servants made in internal trade, presents, or perquisites of office.

P. J. Marshall has revealed ramifications of the activities of the Nabobs in the post-Plassey era. John Johnstone, William Hay, William Bolts, and Archibald Keir made fortunes in salt,[62] while William McGuire and William Ellis made theirs in opium.[63] H. Vansittart, deep in inland trade,[64] was said to have made a deal with Mir Kasim, while Warren Hastings, a saint fallen among buccaneers, was involved in salt, opium, tobacco, and timber.[65] Even when salt and opium became state monopolies, salt contractors like Richard Barwell[66] or opium contractors like William Paxton continued to thrive. The new revenue officers traded until after the Regulating Act and, on top of it, either became under-farmers of big zamindaries, as Johnstone undertook for the Maharaja of Burdwan,[67] or held revenue farms under cover of Indian names. Though it was forbidden in 1766, the practice continued long after. Collectors squeezed cesses and commissions from the Company or *nazars* from the Indian zamindars and farmers.[68] The names of Francis Sykes (Resident at Murshidabad), Thomas Rumbold, John Graham, Charles Stuart, W. Sumner, Samuel Middleton, and George Vansittart have come up in this connection. Hastings himself took Rs 3 lakhs from Nobkissen when the latter secured the *Diwani* of Burdwan.

Civil servants made profitable loans to zamindars and shikdars

as well, though Clive had forbidden it.[69] Commercial Residents defrauded their masters by adding to the prices of investment or using the public fund in private interests.[70]

The Banaras and Lucknow Residencies were among the plums of the service.[71] A piece-goods contract made a fortune for Charles Grant, while an indigo contract made an even greater one for John Prinsep.

Marshall has shown how the growing difficulties of remittance in the 1770s and 1780s and high profit/interest rates still obtaining in Bengal accounted for accumulation of European capital.[72] People, who made money, would not like to put their eggs in the same basket, nor would they like to let the Company know the extent of their fortunes and the manner in which those were acquired. They preferred to remit in diamonds.[73] When unable to do so, they trusted 'the Dutch, the Dane and the Devil'[74] before they trusted the Company's Europe bills[75] and deposited the rest with the agency houses to be invested in country trade or indigo or usurious loans to the government. By the end of the War of American Independence this had enabled the agency houses to make country trade their special preserve—a monopoly within the Company's bigger monopoly. By 1790 they had even got rid of their straggling private competitors. Before Cornwallis came, not a few of the servants of the Company ventured in country trade, often in their own ships, undertook government contracts or speculated in foreign bills and *respondentia*. But the fear of the Act of 1781,[76] the decline of ill-gotten gains following Cornwallis's reforms, and the growing insecurity of investing in the foreign companies forced them to quit business gradually.

The introduction of the agency system in 1787 put an end to the era of fraudulent contracts; abuses in the salt department were partially checked through sale by public auction, and opium, still procured on contract, no longer produced a choice spirit like William Young under Cornwallis's vigilant eye. When, in 1788, thirteen hundred Company servants in Bengal ceased their private trading following the regulation which prohibited it to all but the servants under the Board of Trade, the only competitors of the agency houses were laid low. Henceforth they dominated the scene, though still working on capital derived from the Company's servants or sometimes borrowed from the indigenous bankers. The only consolation left to the Company's

servants in Bengal was an easy 8 to 12 per cent interest from the Company's securities and the prospect of a still higher profit from the country trade. For the remittance of both they were dependent on the agency houses.

In 1790 there were fifteen agency houses in Calcutta. The most prominent of them were Fairlie, Fergusson & Co., Paxton, Cockerell & Delisle, Lambert & Ross, Colvins & Bazett, and Joseph Barretto.[77] They controlled country trade, financed silk, indigo, sugar, and opium, ran three banks and four marine insurance companies, speculated in public securities, and negotiated bills on foreign companies.[78]

The governments in India thus came into contact with the agency houses at every turn—be it a contract for opium or salt, rice or military stores, remittance of funds to Canton or to the sister presidencies, issue of treasury orders or bonds for investment or war. The Fairlies supplied rice to Madras,[79] dollars to Canton,[80] draught animals and their provisions to the army,[81] and indigo to the Board of Trade.[82] Colvins and Bazett built army barracks,[83] Roebuck and Abbott got contracts for coast salt,[84] and Gilchrist and Charters for silk,[85] while the founder of the house of Paxtons made his fortunes in opium deals.[86] On one head, namely, the China trade, the Company found itself more and more dependent on them. From 1781 opium was not only a source of revenue but a medium of remittance to Canton, first on the Company's own account and then, from 1786, on private account.[87] The agency houses had even extended their field of speculation to the Indian finances. Though Hastings ascribed to the natives an insignificant share of the public securities,[88] Cornwallis put them as the largest holders.[89] The policy of debt transfer, however, made the securities more valuable to the Europeans as a means of remittance and when the exchange rate was raised to 1*s.* 11*d.* and later even higher,[90] their demand grew. Such securities ultimately came to be deposited with the agency houses who indulged in stock-jobbing with the rise and fall of their value.[91] The Company could not draw upon the income of its own servants without the cooperation of the agency houses or send funds to Madras, Bombay, or Canton unless the agency houses speculated in opium or salt. In other words, the Company always felt the agency houses' hands at its throat in any political or financial crisis.

The main grievance of the agents lay in the lack of facilities for remittance, and we have seen how, as the representatives of the Company's creditors, they forced the Company firstly to introduce a regular, though inadequate, channel through the transfer of debt and, secondly, to accept occasionally goods on 'privilege'. Another grievance, which increased every day, was the scarcity of silver in India. They had little fluid capital of their own, and their margin of profit dwindled as the interest rate increased with the shortage of specie. Arising chiefly from the continuous drain of silver from Bengal since 1757—which had been amply discussed by Sir James Steuart as early as 1772[92]—it was further aggravated by the mistaken policy of overvaluing gold in a bimetallic currency.[93] Steuart's proposal for a paper currency with a central bank, controlled by the Company, was far too advanced for the times, and Hastings's Council decided on silver monometallism, gold being reserved for large payments or permissible on agreement between the parties.[94] The Regulation of 29 May 1777 set up a kind of limping standard by suspending gold coinage. But in 1780 the suspension was lifted for the next eight years. The immediate result was discount on gold mohurs. *Batta* on gold, only 5*as*. per Rs 100 in March 1787, rose to Rs 3 in five months. Cornwallis's Committee on Currency of 26 September 1787 identified the disease: while the natural ratio between silver and gold in India was 12:1 or 13:1, the mint ratio had been fixed at 16:1. In February 1788 the official rate was reduced to 15:1, and the Regulation of 20 February 1790 discontinued seigniorage on silver coinage. The Third Mysore War, however, frustrated all these plans.

Like Dundas, Cornwallis considered India vital in the enduring rivalry between England and France. Although advised 'to adopt a pacific and defensive system based on the universal principle . . . that we are completely satisfied with the possessions we already have,' Cornwallis foresaw the war with Tipu Sultan of Mysore 'as a certain and immediate consequence of a war with France.'[95] He had secret instructions to take the opposing side of the French in case of war. He knew that, even if Tipu did not openly join the French in an anti-British alliance, he would have to fight him sooner or later 'for the balance of power in the country had become heavily tilted in favour of Mysore.'[96] Since October 1787, he had begun negotiations with the Nizam

and the Marathas for an apparently defensive, but really an offensive, alliance. His famous letter of 7 July 1789 almost invited the Nizam to attack Tipu's territories for a share of the Carnatic Balaghat—both against the provisions of the Treaty of Mangalore and the spirit of Pitt's India Act. The Third Mysore War began in May 1790, four months after the so-called 'attack on the lines'.[97] No military preparations had been made in Madras, which in fact became the base of operations, and everything had to be done from Bengal in haste. It caused a heavy drain of silver from Bengal. Gold was again resorted to with the attendant evil of *batta*. The financial reforms of Cornwallis were undone. Debts increased very fast and the discount on them faster. The government could not redeem the certificates that were due, the purchasers of the Company's opium applied to the agency houses for cash, and the latter tried to sell their papers all in a rush, which resulted in further depreciation. Within two months of the war the discount on old certificates rose to 12 per cent and on new certificates to 17 per cent.[98] The agency houses could not cope with it. On 12 March 1790 they appealed for a moratorium on all payments and a loan of Rs 10 lakhs.[99] Anthony Lambert, of the house of Lambert and Ross, wanted other reliefs, such as a drawback on exports and government support to Bengal sugar and rum.[100] George Smith advised immediate bullion imports from England, abolition of import duties on bullion, introduction of government-backed paper currency,[101] and encouragement of Bengal cotton and sugar.[102]

Cornwallis refused to lend as the notes would immediately bear discount. But by way of relief he began an investigation by John Bebb on the ways and means of developing tthe country trade of Bengal and reducing or abolishing the import duties at the three presidencies, which hindered coastal trade. The military necessity of transferring funds and supplies to Madras and Bombay was no doubt an added impetus.[103] Cornwallis established virtual free trade between the Indian presidencies, but the crisis went on. When the discount on bonds and certificates rose to 20 per cent and 30 per cent respectively, he was forced to remit duties on import of silver. The investment dwindled in spite of an invitation for subscriptions from private traders, which brought no response. A rumour of British reverses caused a financial panic in Calcutta in November 1791. There were runs on

the Bengal Bank and the Bank of Hindostan. Cornwallis could no longer refuse them help, in spite of the Court's stringent orders, since refusal would bring down the Company's paper still further[104] and affect the sale of opium. The revenue and credit of the Company's government had been inextricably intertwined with the private merchants' need for circulating capital and for the remittance of its profits.

The private import of silver, which the Company released from payment of freight, somewhat eased this situation and brought enormous profits to the importers.[105] The victory over Tipu Sultan in February 1792 improved the Company's credit immensely, besides releasing the huge war indemnity he paid into circulation.[106] The Governor-General began to discharge the 12 per cent loans, and the 8 per cent notes were at par.[107] The investment for 1794 was laid down at C.R. 1,10,00,000.[108] But specie was still scarce, and the problem of remittance defied solution even when the Governor-General in Council raised the exchange rate to two shillings to thwart clandestine trade.[109] The former was causing a deflationary tendency which prevented improvement of agriculture, and the consequent lack of exportable raw materials aggravated the latter.

The promulgation of the Permanent Settlement was precipitated by financial considerations. The Settlement was made with zamindars. But the Company's officials differed on the meaning of the term 'zamindar' or the extent of the rights it covered, as much as many modern historians.[110] W. H. Moreland in *The Agrarian System of Moslem India* defines a zamindar to be a vassal chief found outside the directly administered *subahs* but in *India at the Death of Akbar* makes the term cover 'everybody, other than a grantee or an official who stood between the peasants and the Emperor'. Irfan Habib asserts his ubiquitous presence and equates him with 'malik', associated with the village rather than with the field. A zamindar was not a tiller of the soil but had a claim to a share in the produce. S. Nurul Hasan makes it a blanket term covering autonomous chieftains, intermediary zamindars—who collected revenue from primary zamindars—and primary zamindars who held proprietory rights over agricultural land. The categories were never exclusive. In fact, zamindaris differed widely in extent and were held on different conditions mentioned in *sanads*: recognition of Mughal

suzerainty without obligations; payment of *peshcash* ('tribute') or military service; as *jagir* in lieu of salary for *mansabs;* enjoyment of rights and interests including rural administration; and right to engage for land revenue. They were mainly of two kinds—*peshkashi* ('tributary') and *mal-wajibi* ('revenue-paying'). For collection of revenue and keeping peace and order the zamindar was entitled to *nankar* (a subsistence allowance), a share or *sair* (inland customs) and *malikana.*

In Habib's view, the zamindari right was not a property right, but a fiscal claim upon land which was met through a separate rate on the peasants or through permission to hold a portion of land free or a cash allowance from revenue collected from the land. In Siddiqui's view, however, he had a property right, albeit an informal one. Asked to define a zamindar some time before the Permanent Settlement, a Roy Royan of Bengal replied, 'A zamindar is a person possessing hereditarily on the conditions of obedience to the ordinances of government . . . subject to the payment of revenue'. The right to property and the position of revenue-collector were independent of each other, and the zamindar was not always bound to engage for collection. His zamindari was not sold for arrears. He was only temporarily deprived of its management and continued to receive his *malikana* (usually 10 per cent of the collection) until it was restored to him on full payment. Mohammad Reza Khan recounted five kinds of zamindars who were sole proprietors. Shitab Roy summed up, 'The revenue belongs to the King but the land to the zamindar.' He had the right to sell, mortgage, and otherwise alienate, though a sanction was needed in theory. His privileges were valuable and secure.

The exercise of the zamindars' rights did not lead to an abdication of royal authority. For instance, if there was a strong subahdar and careful survey (*hast-o-bud*), the zamindar's power was curbed. Separation of assessment by revenue officers and its collection by zamindars were other checks. Fixed customary rent, occupancy rights of ryots, grant of *pattahs* (laying down conditions on which the ryots tilled the land and paid their shares of produce to the government through the zamindars), and receipts for payment were other safeguards against the zamindar's arbitrary conduct. The records kept by the *quanungos* were additional ones. But it is open to doubt how far the big

zamindars were affected. Murshid Quli seems to have encouraged concentration of estates (and thus local power) in a few trusted hands. By the time of British occupation nearly 60 per cent of revenue was paid by 15 large zamindaris, comprising 615 parganas out of 1256 in the province. Murshid Quli introduced *subahdari abwabs* (cesses) which rose to a climax in Mir Kasim's time, and zamindars avidly copied them in the shape of *mathauts* and cesses, as reported by the supervisors.

The zamindari system was disrupted between 1757 and 1777, and the Company's bewildering revenue policy, considerably contributed to the disruption. Farming of lands, not unknown before, took a serious turn, involving Europeans like Vansittart and Hastings in 24 Parganas and Johnstone, Hay, and Bolts in Burdwan. In spite of the Directors' prohibition (1766),[111] farming spread all over Bengal. The revenue experiments of the period—Reza Khan's *amildari* system, Hastings's quinquennial settlement, Vansittart's *mocurrery* plan for Bihar, Hastings's and Barwell's plan for one or two lives (1775), Francis's scheme for permanent settlement, based on Adam Smith, Stuart, and the Physiocrats[112]—all ended in looking to the much-maligned zamindar as the sheet anchor of revenue administration. The Directors would only allow an annual settlement at a very high rate. From 1772 the big zamindaris introduced a long chain of farms and sub-farms, just for the sake of survival.

The controversy over the Permanent Settlement shows the utter confusion of the British in an alien milieu. Francis wrongly asserted from European analogy that the Mughals were satisfied with an unalterable quit-rent and the zamindars were the actual owners.[113] James Grant was wrong to think that the zamindar was a mere official and an annual farmer, while the ryots were mere tenants-at-will. In his Minutes of 2 April 1788 and 18 June 1789, John Shore viewed the zamindar as a compound of proprietor and vassal, hereditary in Murshid Quli's time, who only enforced the fixed revenue obligation with great severity. Yet he opposed the settlement in perpetuity.

By 1784 the financial needs of the government proved the paramount catalytic agent for Permanent Settlement. No doubt the India Act of 1784 expressed a desire to acknowledge the claims of zamindars and the primary motive had been, as the Court stated in its letter of 12 April 1786, avoidance of defalca-

tions due to frequent change of system and acquisition of a stable revenue secured by the right of hereditary ownership to be granted to the zamindar: '. . . a moderate *jumma* or assessment, regularly and punctually collected, unites the consideration of our interests with the happiness of natives and security of the landholders more rationally than any imperfect collection of an exaggerated *jumma* to be enforced with severity and vexation.'[114] The whole financial structure of the Company rested ultimately on the land revenue of Bengal, and my reference to the financial and commercial situation in 1785 would explain the urgency of acquiring a secure land revenue as the bedrock of the Indian Empire and the Indian investment. Everybody had a stake in this: the Company's servant who drew his pay and commission, the agency house which got its military contracts, the creditor who had to remit interest, and the proprietor of India stock who wanted his half-yearly dividend. But Shore and Cornwallis saw beyond. 'The Company are merchants as well as sovereigns of the country,' wrote Shore in his Minute of 18 June 1789. 'In the former capacity they engross its trade, whilst in the latter they appropriate the revenues. The remittances to Europe of revenues are made in commodities of the country which are purchased by them.' If agriculture was not improved to facilitate remittance of the surplus revenue, it would lead to actual drainage of specie which was acutely short already due to the decline of country trade and the discontinuance of bullion import by the foreign companies. The scarcity of specie again would react on public finance and commerce and agriculture. The vicious circle would go on until the proprietors were given an incentive to improve agriculture which could come only from a fixed moderate *jumma* and a hereditary ownership.

Cornwallis made this idea clearer when Shore shrank from the ultimate execution of his own plan in his Minute of 21 December 1789. In his Minute of 3 February 1790 Cornwallis mentioned the heavy drain of wealth on public and private account, 'now severely felt by the diminution of the current specie, and by the languor which has thereby been thrown upon the cultivation and the general commerce of the country.' In his letter to the Court, 6 March 1793, he pointed out how in Bengal

> agriculture must flourish before its commerce can become

> extensive. The materials for all its most valuable manufacture are the produce of its own lands. It follows, therefore, that the extent of its commerce must depend upon the encouragement given to agriculture.

The conclusion was that improvement of cultivation, especially, clearance of wastes and jungles, was not possible unless the benefits of a permanent settlement were granted to the zamindars. It was not only necessary (as Shore would agree) but urgent, if the floating capital of the natives was to be attracted to investment in land. The government was paying off its debts, and the natives now had with them plenty of capital which could be profitably used for improvement of land and, therefore, of commerce. Cornwallis continued:

> As this paper is in a course of payment there is every ground to expect that the large capitals possessed by many of the Natives (which they will have no means of employing when the public debt is discharged) will be applied to the purchase of landed property as soon as the tenure is declared to be secure, and they are capable of estimating what profit they will be certain of drawing from it by the public Tax upon it being unalterably fixed.

Moreover, besides giving the government a secure land revenue and the landlords a field for investment and an incentive to greater production which would help remittance to Europe on the public and private accounts, the Permanent Settlement would create a loyal class among the natives.

Cornwallis took it for granted that the zamindars would grant *pattahs* to the ryots. He was prepared to intervene to bring about adjustment between zamindar and ryot. The Whig theory of minimum government and sacred property rights had something to do with Cornwallis's decision, but he was not out to create in Bengal a caricature of British landlordism. The orders of the Court, the advice of Dundas and Pitt, and the situation in Bengal left him with few options. He might have stalled like Shore, but, being a military man as well as a landlord, he cut through the Gordian knot, hoping for the best.

The proclamation of the Permanent Settlement was made on

22 March 1793, which fixed the *jumma* at the level of revenue obtained in 1790–1, i.e. at C.R. 2,68,00,989 per year for Bengal, Bihar, and Orissa. A series of Revenue Regulations of a supplementary nature was passed in 1793. By Regulation I the zamindars were empowered to transfer land by sale, gift or otherwise, without the sanction of government, which amounted to proprietory right in formal law, never enjoyed under Mughal rule. Regulation XI abolished primogeniture in the few cases where it still prevailed, while Regulation XXV facilitated division of estates. Ragulation XXXIV rendered null and void, in the case of revenue sale, all engagements subsisting between the defaulting proprietor and his dependent talukdars. Regulation XVII gave the zamindars the right to distrain and sell personal property for arrears of rent. Regulation III of 1794 made their property liable to sale for arrears.

The most significant effect of the Permanent Settlement was the creation of private property in land in the full legal sense, and the whole system of judicial administration, promulgated in 1793, was geared to the protection of that property. Cornwallis found fault with Hastings's administrative and judicial system which was a compromise between the native Mughal tradition and alien British principles called forth by the exigency of ruling a foreign country. He particularly objected to the union of magisterial, revenue, and judicial authorities in the person of the Collector, which had been revived by the Court's order in 1787 and was favoured by experienced administrators like Stuart and Shore. He considered it to be a source of oppression and abuse, as the Collector's right to private trade had been. The Permanent Settlement, moreover, made some changes imperative so that the zamindars could be assured of an unhampered enjoyment of their newly secured rights of property. Regulation V of 1793 established a Diwani Court in each district presided over by a European judge, and four Provincial Courts of Civil Appeal, each with three European judges, while Regulation VI made Sadar Diwani Adalat the final court of appeal. Regulation II separated the judicial and revenue departments and transferred the suits formerly cognizable by the revenue courts to the Diwani Courts. Collectors were thus divested of judicial authority not only in matters which dealt with the title of property but also in matters which arose out of revenue administration. They were

now responsible for acts in their official capacity to the district courts.

The Revenue Regulations tended to make land the most secure and sacred form of capital. They invited investment in land from people not traditionally associated with land, and thus led to the creation of a middle class. For instance, N. K. Sinha writes,

> it has been said that one-third to half of the whole landed property of Bengal was actually sold by the rigour of sale law. . . . Most of the landholders of Dinagepore were new men who were formerly either merchants, manufacturers, agents of landholders or officers of government. The last group of people were not numerous.[115]

Not only in Dinajpur, but in other districts like Rangpur, Jessore, and Rajsahi, these new men, most prominent of whom were Calcutta *banians,* became zamindars of the Cornwallis vintage. Over-assessment[116] led to the creation and multiplication of under-tenures.

The Judicial Regulations led to the formation of another class, which, however, was not directly dependent on land ownership. Cornwallis was against employing natives in key positions in the revenue and judicial departments and ultimately eliminated them from posts they had held throughout the Mughal and the early British periods.[117] He filled the top cadres of the civil service with covenanted servants of the Company and the lower cadres with non-covenanted Europeans. Natives were retained in some minor positions, like those of the commissioners, who heard cases in which not more than fifty rupees were involved. They were not strictly speaking government servants, their salaries being paid out of commission. But Regulation VII of 1793 made for appointment of a number of licensed Hindu and Mohammedan vakils as the legal representatives of suitors in the newly created courts. These vakils were to be selected primarily from the students of the Mohammedan College at Calcutta (the Calcutta Madrasah of today) and the Hindu College at Banaras and they would, in virtue of their legal knowledge, be a check on the judges. Hastings's Judicial Regulation of 5 July 1781 and Elijah Impey's administrative genius had already anticipated the

establishment of such a professional class.[118] Cornwallis gave it a greater momentum by elaborating the rules and regulations of judicial practice, by enacting a complex code of laws, and by setting up a larger number of courts. In a way it was tied up with the system of land tenure for the defence of which it was created. But it was neither dependent on public office nor attached to land principally. There was a possibility in future of this class, united by the strong ties of a technical profession, striking out an independent line of thought and action, critical of the policies and measures of the government.

The private traders, however, were not prepared to wait for the long-term effects of the Permanent Settlement and they were affected by Cornwallis's reforms in many ways. Regulation XXXI of 1793, relating to the weavers, prevented interloping in future; Regulation XXXVIII of 1793 forbade holding of land by the Europeans (which forced the indigo planters to take out leases in the names of their native *gomasthas*) and Regulation XXVIII put irksome restrictions on their residence outside ten miles of the presidency towns. They had made the most of their opportunities in India and had exacted the concession of the privilege trade; compelled the Company to import or permit the import of bullion from England; and had obtained a higher rate of exchange for their remittance in bills. They now looked up to a continuation of the struggle in England where the untiring zeal of one of their own members, David Scott, had already won some considerable success in relaxing the Company's monopoly over exports to India.

Among all the free merchants and agents in India or England who were most active in tackling the private traders' problem, David Scott was the foremost in knowledge and ability.[119] Arriving in India as a free merchant in 1763, Scott had made a modest fortune in twenty-three years and was one of the 'real rulers' of Bombay[120] when he left for England in 1786 to establish the agency house of David Scott and Company. It had affiliations with his old Bombay house, Scott, Tate & Adamson, and its Bengal correspondents, Fairlie, Fergusson & Company. Scott might have imbibed his laissez-faire view as a student in Edinburgh where Adam Smith held sway, 'but the most powerful influences in turning him into a confirmed "free trader" appear to have been his first-hand experience of the wastefulness and

restriction inherent in the Company's monopoly and his own appreciation of the Company's financial dilemma.'[121] He lost no time inflicting it on the Company and almost forced his way into the Direction in 1788 and Parliament in 1790 as an indefatigable proposer of improvements for the Company's trade and finance.

His first letter to the Court enclosed a memorandum on the unwise policy of confining export trade without using the tonnage to benefit the British manufacturer, which had forced the trade into the hands of the foreigners.[122] He did not directly challenge the Company's monopoly of import trade but instead aligned himself with the manifest interest of the manufacturing class, clamouring since the 1787 trade depression for protection of textiles and extension of woollens export. Scott thus showed his genius for diplomacy. The Company's exports to India had been about 5,000 tons per year while the foreigners sent 15,000 tons.[123] Private trade of the commanders and officers had been unduly restricted by prohibition of cloth, copper, military and naval stores. Very little bullion had been exported, though profitable, and the purchasing power of the Indians had declined due to a scarcity of specie. The sale policy of the Company was equally unwise. But the gravest wrong was the limitation on the remittance of fortunes by the Company's servants and bondholders through the channels of the Company's trade. On 4 March 1789 he came back to the charge, with a special emphasis on the sad state of the Company's finances in India and the rapid growth of clandestine trade, which were interconnected.[124] The only reply to the latter was not more stringent laws but 'to send a sufficiency of European goods in our own ships from Britain, to supply India, and to bring a sufficiency of India goods home to supply Europe,' for which a corresponding permission should be granted to the British in India to fill up a certain determinate part of the Company's homeward tonnage and spare tonnage at a cheap freight.[125]

The Special Committee of the Court of Directors, appointed to go through David Scott's proposals, agreed on all points except the policy recommended regarding woollens export, which it considered sufficiently liberal for the present. The export could not, however, be entirely thrown open. An offer of surplus tonnage to the commanders and officers of the Company's ships was recommended, provided they paid the proceeds

in specie or bonds at the Company's treasuries. The private traders were to get the refusal of the commanders at Bombay for export to China at a cheap freight on condition of submitting the proceeds to the supercargoes. If the homeward investment could not be completed by the Company,

> individuals should be permitted to avail themselves of the spare tonnage upon reasonable terms and conditions as those which have been exacted hitherto, are in general too high, and amount to a total prohibition against some of the articles of the growth, produce and manufacture of India.[126]

The report was adopted by the Court on 2 December 1789, as a result of which the Company's exports were increased by over 2,500 tons, all surplus outward tonnage was granted to the commanders, and the Company's servants and private merchants in India were allowed to fill up the unoccupied homeward tonnage. But as woollens, copper, and stores were still forbidden, the extra tonnage carried out by the commanders up to 1790 amounted to 245 tons only,[127] while the policy of Cornwallis to allow privilege trade on the Company's ships failed because the promise regarding reasonable freight was never kept. Even when, pursuant to another report of the Court (29 February 1792), the freight was lowered to £15 per ton for piece-goods and £15 per real ton of indigo,[128] no particular tonnage was allowed to the private individuals, and the concessions granted were seldom put into effect.

Scott's challenge was taken up by the Old Shipping Interest whose vested rights he attacked by proposing relaxation of trade and reduction of freight.[129] It was strongly entrenched in the constitution of the Company, wielding a majority in the Court of Directors and the Court of Proprietors. It was solidly linked with the City, which was interested in its stocks and contracts. It had very close ties with the shipowners whose property in ships was worth £2 million in 1784, the ships' husbands who exacted exorbitant freights, and the ships' commanders who sold their commands and their privileges. In addition, the shipwrights who built the magnificent Indiamen and all other people directly or remotely connected with the vast job of fitting out or receiving ventures to and from lands half the globe apart were con-

nected to it. The Old Shipping Interest was a formidable foe to encounter. All attempts to break through the serried ranks of its monopoly had been in vain. Up to 1781 the Court abjectly submitted to its demands. In 1783 the owners asked for £37. 10*s*. per ton, the Court offered £32 and when, on the owners' refusal, it advertised, an immense quantity of shipping was offered. This brought the freight down to £33. A little later many individuals, led by John Fiott, proposed to let out ships at cheaper rates, and Anthony Brough offered as many as eighty ships. They were refused, and Fiott's valiant struggle for new shipping ended in the wreckage of his own vessel which he was not permitted to replace. On 22 June 1786 the Old Shipping Interest passed a resolution by which the Directors were forced to take up old ships at £24 per ton. By-laws of 1788 precluded them from hiring ships under 800 tons, which reaffirmed the old owners' monopoly.[130] Yet the latter had suffered a decline of profit and had to accept a lower rate of freight. In Scott's letters, therefore, they heard the undertone of a second challenge.

Five reports were produced by a Select Committee on export trade from Great Britain to the East Indies, ostensibly at the behest of the Lords of the Committee of the Privy Council, but really as a reply to the clamours of the agency houses and the manufacturers.[131] The first dwelt on the Company's endeavours to push British woollens in India, the establishment of copper coinage in Bengal to help British copper, and the persistent preference given to Cornish tin in spite of its higher price.[132] The *Second Report* detailed losses on exports to Canton.[133] The Committee warned against the glut and the danger of colonization which would follow if trade was further relaxed. David Scott, however, demolished their partial statements and false statistics.[134] And the manufacturers were not in a mood to bother themselves with such niceties. The trade depression of 1792–3 was on.

By 1787 the Lancashire cotton industry was fast catching up with the age-old textile manufacture of India. A series of important discoveries in the technique of spinning, weaving, and bleaching took place between 1779 and 1786: Crompton's mule in 1779, Cartwright's power loom in 1785, Berthollet's process of bleaching by chlorine in 1785, and Bell's process of cylinder printing in 1784. 'In the dyed goods we already excel them,'

wrote the manufacturers, 'and also in all the lower and middle qualities, even in common calicoes' but 'in the finest muslins they certainly exceed us. We do not believe that we have at present any principle of spinning by which the finest yarn can be spun, so equal and level as they spin it.'[135]

The manufacturers, therefore, preferred import of raw cotton from India to the import of fine yarn which competed with the British spinning industry—and were afraid of the large imports of fine Indian piece-goods. In 1788 they appealed to the Lords Commissioners of the Treasury and the Board of Trade for protection against this allegedly harmful policy.[136] The propositions of their delegates, presented to Pitt and the Board of Trade, included measures for reduction of calicoes, muslins, and nankins to the quantity sold in 1787. Import of at least half a million pounds of the finest Amood and Bengal cotton with promise to increase it further, were also put forth. Prohibition of cotton yarn and compulsory re-export of three-fifths of all mulmuls, doreas, cossaes, and Balasore handkerchiefs was another suggestion.[137] The Court insisted that the outcry against Indian imports was not due to any excess on the part of the Company but solely to 'the Distress which involved many individuals in consequence of their having pushed their Enterprises beyond all Bounds by raising fictitious credits, and circulations to an extent unprecedented.'[138] It denied the charge of injuring home manufacture, when most of the calicoes and the muslins from India were re-exported, and asserted that any restriction on their trade would divert it to foreign channels, increase smuggling, and affect the revenues of India.[139] Parliament thought the existing protection enough and British manufacture looked up in a few months.

With the onset of another slump in 1792–3 the clamour against the Company started again.[140] The representatives of the manufacturers met or petitioned Dundas for various, and sometimes contradictory, remedies. The Manchester Deputation asked for prohibition of Indian cotton goods and compulsory import of cotton wool by the Company. The Glasgow merchants wanted restrictions on import of muslins under certain sizes and prices, a lower drawback on re-export, permission for individuals to import raw materials in their own vessels, and a ban on export of textile machinery to India. The Cornish tin and copper mine-

owners demanded an immediate guarantee for a regular annual export of their goods to China or purchase at a price named by themselves. The Second Deputation from Manchester asked for reduction of freight to £4 outward and £12 homeward, exemption of private trade from all duties in India, and delivery of raw materials without delay. The woollen manufacturers of Exeter wanted participation in China trade or a monopoly of supply to the Company.[141] Apprehending idle capital on the abolition of the slave trade, the Liverpool merchants agitated, as early as 23 November 1792, for the opening of the outports and organized a committee to that end.[142] The gunpowder manufacturers insisted on their right to import saltpetre as the Company's imports proved insufficient.[143] To this battery of demands was joined a memorial from a committee, appointed by the agency houses in London, calling for cheaper freight which could be obtained outside the monopoly of the Old Shipping Interest at £10.[144] Some of the pamphlets, with pro-agency house bias, directly attacked the Shipping Interest as 'the millstone that hangs about the neck of the business . . .' Others dwelt on the immediate necessity of developing the raw materials of India like indigo, sugar, cotton, hemp, and so on, which would be possible only if private trade could be carried more cheaply.[145]

Meanwhile, on 14 January 1793, the Court and the Board had begun negotiations on the renewal of the Company's Charter. 'Dundas has contemplated the possible abolition of the Company as a political power from the time when it became evident to him, in the winter of 1784, that the Indian interest in the Direction intended to keep a check on his East India Policy.'[146] Experience, however, had taught him the necessity as well as certainty of realizing the surplus revenues of India through the medium of the Company's commerce. When Lord Cornwallis asserted, 'if the fostering aid and protection, and what is full as important, the check and control of the Governments abroad are withdrawn from the Commercial department, the Company would not long enjoy their new Charter, but must very soon be reduced to a state of actual bankruptcy,'[147] Dundas seemed to be convinced. 'I am greatly shaken indeed,' he wrote back, 'by what your Lordship suggests on that subject and strongly incline to feel, that abroad, at least, such a separation of the

government and commerce cannot be made with safety, either to the manufactures or to the manufacturers of India.'[148] But he was not sure of the exports. The clamour of the manufacturers was not decisive: 'I am satisfied that the merchants or rather the manufacturers of this country are under a delusion, which will vanish on a nearer approach to the subject.'[149] But they had a point in pressing for raw materials:

> The import trade of the Company from India may be rendered more subservient, than it had hitherto been, to the manufacturers of this country, by the importation of raw materials.[150]

He wanted to reconcile the palpable needs of British industry, then in the throes of a depression, and the abstract policy of imperial government, which did not favour free trade. He evolved the idea of 'a regulated monopoly':

> by which expression I mean that the monopoly must be so regulated as to insure to the merchants and manufacturers the certain and ample means of exporting to India, to the full extent of the demand of that country for the manufacture of this, and likewise a certainty that in so far the produce of India affords raw materials for the manufacture of Great Britain or Ireland, that produce shall be brought home at a rate as reasonable as the circumstances of the two countries will admit of.[151]

He had to offer something to the manufacturers though their demands conflicted with those of the merchants.[152]

Pitt and Dundas told the delegates of the English calico and muslin manufacturers that an absolute prohibition of Indian cottons would harm British manufacture more and that a certain quantity of tonnage would be offered to enable British subjects to bring raw materials through licensed free merchants only.[153] They definitely refused the Second Manchester Deputation's request to go lower than a freight of £5 per ton of exports and suggested that they consider the peculiar nature of East Indian shipping before asking for a freight of £15 per ton of imports.[154] The China trade could not be thrown open, though country

traders would be at liberty to take British manufactures from India to China. Duties would be lowered, if possible, and private goods would be delivered early. In accordance with Dundas's correspondence with Lord Falmouth and other tin mine owners of Cornwall,[155] the Company was requested to take 800 tons of tin each year, and in spite of Baring's protest,[156] the Committee of Correspondence had to agree to accept 800 tons of tin at £75 per ton and 1,000 tons of copper at a price not below a fixed level.[157]

Meanwhile the New Shipping Interest, now led by Brough, Chapman, Fiott, and others, had joined Randle Jackson, Charles Grant, Thomas Henchman, and David Scott, to open a fresh attack on high freight and abuses like 'hereditary bottoms' and sale of command' which kept freight so high.[158] Dundas was not to be drawn in. Although he hinted at the need for moderation at Leadenhall Street, he did not make any open criticism of the Old Shipping Interest:

> I have uniformly discountenanced every suggestion which tended to set aside the present valuable capital employed in the shipping service of the East India Company . . . . I have no hesitation in declaring my opinion, that as on the one hand the freight should be settled once for all on a fair and equitable footing, so on the other hand it ought to be understood that freight so settled, persons whose property is embarked in this concern, should not be kept in constant agitation. . .[159]

A memorial on clandestine trade reached Pitt and Dundas on 18 March 1793. The abundant evidence had been revealed by David Scott and it stiffened their attitude towards the Court considerably.[160] The memorial disclosed that private fortunes valued at least £10 million had been forced into foreign channels since the grant of the *Diwani* due to the illiberal policy of the Company. Dundas sent the memorial to the Court asking permission for all British merchants resident in India to act on agency for any person and for the Company's servants to recover property in a foreign country in the same manner as the British subjects were entitled to.[161] The latter also was a concession to the agency houses who suffered greatly from

frauds of foreign drawers of *respondentia* bills. So far as the India trade was concerned, he fixed the minimum of shipping to be allowed to the private traders at 3,000 tons for £5 outward, and £15 homeward, reduced the charges levied by the Company to 3 per cent, and provided for quick delivery of raw materials even before sale. He would not, however, allow the merchants to use their own ships. He defended his new stand with a reference to the facts he had lately come by.[162]

Scott was behind this change of attitude and he was not entirely disinterested. His free trade leanings were well known, but at this point his views were more inspired by the needs of his business correspondents in Bengal: Messrs Fergusson, Fairlie & Co., unable to get any tonnage from the Company for their piece-goods, 'were obliged to send them to Ostend, Lisbon and other ports.'[163] They demanded reduction of duties and charges on piece-goods 'as they had one or two ships loaded with piece-goods for London,'[164] and desired that indigo should not be charged by measurement. Scott lost no time in jumping from the particular to the general: 'If one merchant hopes to send one or two cargoes what may not be expected—from all Bengal, Madras and Bombay? You'll see he points out the heavy charges at the India House.'[165] A week later he supplied Dundas with information on the schedule of charges at other European ports. A still greater weapon was his own masterly analysis of the Indo-European trade.[166]

Scott's analysis includes India and China and all branches of trade. He put the average export to India from Europe for ten years between 1781 and 1790 at 37,454 tons per year, worth £2,393,610, of which the foreign companies held a share of 18,048 tons, clandestine trade 10,255 tons, private trade in the Company's ships 4,258 tons, and the Company itself 4,893 tons, worth only £346,070 or a little more than 14 per cent of the whole. Clandestine export trade had grown from one ship of 700 tons in 1777 to twenty-two ships of 10,255 tons, besides those in India or on their way back to Europe.[167] Of these, nine-tenths originally belonged to the English and eight-tenths still remained in their hands. Then, 5,505 tons from Ostend were entirely English property.[168] Private trade in the last five years had exceeded the average of the previous five and would rise to 20,000 tons if the Company gave similar facilities as obtain-

able at Ostend. Meanwhile the Company had carried more iron ballast than merchandise and surrendered the trade in military stores to the Americans. Imports from India in the same period averaged 34,616 tons per year of which the foreign companies held 19,106 tons, clandestine trade 8,000 tons, private trade 582 tons, and the privilege trade allowed in recent years 366 tons, while the Company itself brought no more than 6,662 tons. Out of a total sale value of £7,331,669 the Company's share would be £1,962,095, or barely equal to the value of illicit trade.[169] This was bound to happen as the charges on the import of Indian produce were far heavier in England than in Ostend or Holland.[170] No wonder that the foreigners had tried to exploit the situation, knowing the need of remittance felt by British subjects. 'There is not a proposition in Euclid more certain than that trade will ever find its way to that country, where, with equal advantages, it enjoys most freedom.'[171]

Almost as soon as the first American ship entered the Hooghly in 1785 George Smith had warned Dundas of its significance. The *Hydra* was formerly a British frigate. It now had several British owners and was under the command of John Haggy and a majority of the crew was British. It had received clearance for Madeira and Rhode Island. All these aspects naturally aroused his suspicion.[172] It was, however, allowed to unload under French colours. The next recorded case was that of the *Chesapeake* which arrived at Calcutta in 1787. The owner was a former military officer at Bombay, now a resident of Calcutta, and the crew was British.[173] Unsure of the relations of the mother country with the United States, the government treated it with the same leniency. In 1788 the American Consul, Temple, warned the Marquis of Carmarthen that American ships coming back from India touched an American port for show, their real destination being London.[174] In the same year an American ship was reported to carry £20,000 in clandestine trade for Madras gentlemen 'who adopted this circuitous route of getting their profits to England in preference to the more expensive one of a direct remittance.'[175] In Boston, even, British capital began to be invested in shipbuilding for this purpose.[176] In 1791 the Americans sent 31 ships to India and China, some of which returned to Ostend laden with clandestine trade.[177] In the same year Governor Sir John Orde informed Grenville that the

Americans were ousting the British traders in East India goods from the West Indies.[178]

From Scott's evidence and the Foreign Office reports on American trade Dundas came to the conclusion that, leaving aside exaggeration on the part of the memorialists, the clandestine trade could not be put below £1 million a year and must be immediately scotched if London was to become the great emporium of world trade. In this connection David Scott pointed out to him the crucial importance of the piece-goods trade. If the private merchants should fail to get a share of it for home consumption, they must be allowed to import for re-exportation without duty. 'Nothing but this can lay the axe so as to reach the root of the clandestine trade,'[179] Dundas wrote about it to the Chairman.[180] On Scott's advice again, he contended for the repeal of Sec. 29 of 21, Geo. III, Cap. 65.[181] It was argued that the agency houses should be legalized so as to bring all agency business to the British subjects who were more amenable to the Company's jurisdiction. If the Company suffered from reduction of freight, 'it is the duty of the East India Company, circumstanced as they are, to concur in those ideas.' The end of the letter was menacing:

> The policy of continuing the exclusive trade of the Company, rests on principles of expediency and political economy, not totally, but in great measure distinct from the pecuniary interests, either of the East India Company or of the Public.

This was the final word. On 17 April 1793 the Company surrendered.

An analysis of the Charter of 1793 shows how by its very nature and circumstances, it was a compromise between diverse interests struggling for satisfaction. On one side stood the mighty Shipping Interest, entrenched behind privileges grown sacred in more than a century of 'glorious history'; on the other were ranged the forces of a new age, the protagonists of a new order which envisaged a still more glorious future. Among these groups were the New Shipping Interest which wished to obtain a share of the shipping contracts. The agency houses which wanted to do business unfettered by penal Acts of Parliament

and untrammelled by the Company's overriding authority were, as suggested earlier, very active in their different aspects. As private traders, for instance, they asked for participation in the growing trade between England and India. As capitalists, they were interested in investing in government securities at a high interest with regular facilities for remittance. In addition, there were manufacturers who desired profitable markets for their rapidly mounting surplus goods and cheap sources for their much-needed raw materials. Also included were the creditors of the Company who asked for a guarantee for their loans and a safe transfer of debt. It was to the advantage of the opponents of the Company's monopoly that the British public was also agitated over the controversy between free trade and monopoly and bent upon exacting a price for the renewal of the Charter. In between stood the ministry, poised on the brink of the longest of wars that Britain had ever waged—the Revolutionary and Napoleonic Wars. Dundas was not only playing for political expediency but was working with sound common sense when he decided on a compromise between monopoly and regulation. His object was

> to engraft an open trade upon the exclusive privilege of the Company and to prove by experiment, first, how far the complaints, to which I have referred, are well founded, and next, how far it is practicable to cure the evil [of clandestine trade], without injury to the public.'[182]

The empirical attitude of Dundas as contrasted with the doctrinaire philosophy of free trade was the only rational, if not the only possible, one, in 1793, when the question of shipping did not look so easy and the obvious merits of the particular kind of vessels, engaged in India and China trade, could not be ignored. A new system might well have jeopardized the existence of the Company for as yet a chimerical advantage. We have seen that Dundas was never sure of the outcome of the proposed relaxation of the monopoly; he even leaned on the side of pessimism. He had been convinced, firstly, by his own experience of the Company's finances and, secondly, by the correspondence with Cornwallis and Baring, of the interdependence of commerce and government in India and the importance of the India

monopoly for the maintenance of the China monopoly. Again, though this cannot be pressed too far, the ministers could not have alienated the seventeen members of the Parliament of 1790–6 who belonged to the City and the Shipping Interest and voted with the government.[183]

The compromise can be traced almost clause by clause. The India and the China monopolies were preserved for the Company, but the private traders had a statutory claim on 3,000 tons of its shipping. There were safeguards for the Company in the special licence required for export and import of certain articles which received preference in the Company's list of investment (viz. military stores, ammunition, naval stores, and copper; calicoes, dimities, muslins or materials made of silk or cotton or mixed silk and cotton). There were corresponding safeguards for the merchants and manufacturers in the provision for appeals to the Board and for the latter's authority to permit individuals to export or import such articles according to the state of demand in the market. There was, in addition, a general provision for an increase over the statutory 3,000 tons. The freight was also lowered to £5 per ton out and £15 per ton when bound for England in peace time. The charges were cut down to 3 per cent on sales. But the Company reserved the right to increase freight during war which, again, was hedged with conditions and control by the Board. Sale of goods was to be in the hands of the Company but the sale of raw materials had to be frequent. The agents got many previous restrictions lifted and even secured the right to obtain a special licence from the Board, but the Company retained the right to confine them within ten miles of the presidency towns and to cancel their licences for infringement of the covenant.

The compromise benefited most of the interested parties. A great boon for the Company was that the compromise permitted it to make an investment of at least C.R. 1 crore, which could be increased with progressive redemption of debt. Before 1793 it could invest only the surplus Indian revenue and the proceeds of its exports—the former being vague enough to involve it in commercial illusions and financial uncertainties. Now it could legitimately calculate on the basis of a fixed remittance. The creditors, on the other hand, were assured of a priority for their interest next to the civil and military charges and charges of

collection and of the transfer of their capital by a fixed annual amount of £500,000. The Shipping Interest, which made a real sacrifice on this occasion, was spared the ordeal of a parliamentary investigation into its not-too-savoury practices and the statutory imposition of open and fair competition. The stockholders in general were given an increase of 2 per cent in the dividend without a too careful scrutiny of the balance-sheet. The manufacturers were assured of cheap raw materials, though the Company retained its hold on piece-goods and raw silk trade. In the matter of freight and charges the spirit of compromise is evident. Rate of freight on export was lowered to £5 per ton to please the manufacturers, but they did not secure cheap freight to England, though charges were lowered to 3 per cent to lessen the price of raw materials. The public, confused by the clamour of the free traders and the parliamentary Jeremiahs like Francis, was pleased with a promise of £500,000 for the Exchequer but, here again, the balance was kept even by the introduction of a condition which suspended the payment when debts in India rose above £2,000,000 and bond debts in England above £1,500,000.

Considering the little influence of the agency and manufacturing interests in the parliaments of the late eighteenth century, the degree of success attained by them appears to be flattering. The explanation of this success, however, lies elsewhere. The statutory relaxation of the Company's monopoly was the logical culmination of what had been happening in Bengal (and in Madras and Bombay) for a long time. As has been discussed earlier, the Indian governments were dependent on public loans for war or investment and on the machinery of agency houses for remittance of funds to China and supplies to other presidencies. The chronic lack of money to buy goods for London and the forced invitations to private traders to fill up vacant tonnage with privilege (and thus save the Company a lot of freight and demurrage) means that the monopoly was often broken. The scarcity of specie peremptorily calling forth private import of bullion was another important factor undermining the Company's monopoly. The frantic search for an article (besides piece-goods) which would yield a profitable remittance and the ultimate selection of indigo cultivated by private planters (and financed by the agency houses) increased

the influence of those arguing for free trade. In addition, the political as well as the economic necessity of combating the evil of illicit trade admitted of two alternative remedies: either the Company must liquidate its Indian debts by producing a big and secure surplus and conduct an extended trade by increasing its capital (and sending it to India in the shape of bullion) or it must take the private traders into partnership and provide them with a commercial medium of remittance. As the Company was not prepared to adopt the former in 1793, it was bound to adopt the latter and surrender a part of its monopoly.

The manufacturing interest made a lot of noise in 1793 but it was not strong enough to force the issue. Its reaction was precipitated by a temporary trade recession, not uncommon in the first stages of the Industrial Revolution. It was on the whole satisfied with what it obtained. Throughout the agitation over the Charter it was the agency houses which spearheaded the attack, and David Scott, their representative, held high office in the Direction and had the ears of Dundas and Pitt. They were, in fact, so sanguine of success that they began speculative ship-building in Bengal for carrying goods after the end of the Company's monopoly.[184] They failed, however, to secure their ultimate object. But considering the safety of the Indiamen, the new rate of freight was not so dear, and considering the condition of the Indian market, the tonnage allowed to the private traders not so inadequate. They had secured the thin end of the wedge.

Unfortunately, however, their calculations were all upset by the long drawn-out Anglo-French wars. When the Indian and the London markets failed to respond to their frenzied speculation, the problems of the freight and remittance revived in a more virulent form. The smooth edges of the compromise wore thin under the impact of events, and the irreconcilable contradictions between monopoly and free trade, between mercantile and industrial capitalism, emerged once again. The Shipping Interest and the private trade interest knew they were each other's real enemies. The struggle over the Charter of 1793 had been a preliminary skirmish which yielded only the outerwork of the monopolist stronghold. Its next phase began almost as soon as the Charter was renewed for the next twenty years.

# 2

# Wellesley and Private Trade

IN 1794 Anthony Lambert, the head of Lambert and Ross, one of the principal agency houses in Calcutta, made an extensive survey of Bengal's commerce. According to him, the total British export trade from Calcutta amounted to C.R. 1,43,50,109 (C.R. 1,06,00,109—Bengal investment in 1791—being taken as the average of the Company's export trade, C.R. 15,00,000 as the average of private trade, and C.R. 22,50,000 as the average of privilege trade).[1] Foreign shipping, clearing directly for Europe and America, averaged 12,963 tons during 1792–4,[2] but to this should be added 1,036 tons, as about one-sixth of all ships clearing for the Indian ports went to Europe or America after touching at an Indian port on the way.[3] The foreign export trade of Bengal amounted to C.R. 1,40,00,000—almost equal to the total British export trade. It was valued at C.R. 1,000 per ton, since it consisted mostly of gruff goods.[4]

What Lambert called the Pacific Commerce of Bengal was generally known as the country trade, and he subdivided it into three component branches: the Coasting, the Gulf, and the Eastern trade.[5] 'The coasting trade of the Peninsula of Hindusthan is rendered of more than ordinary importance by its political relation to the Company, the Sovereign of Bengal.'[6] It had two great divisions—Coromandel and Malabar—of which the former was the more valuable because it gave continuous employment to a large portion of the British Indian tonnage.

The principal exports to the Coromandel coast consisted of grain, pulses, sugar, saltpetre, molasses, ginger, pepper, ghee, oil, silk, muslins, and spirits. In 1793, 84,045 tons were cleared from Calcutta for Coromandel and were valued at Rs 34 lakhs. Exports in native *dhonies*[7] amounted to Rs 5 lakhs a year. Exports to Malabar in the same year amounted to 28,100 tons,

of which 25,000 tons consisted of grain and pulses worth C.R. 8,12,500 and the rest was made up of sugar, raw silk, silk, cotton piece-goods, bagging, hempen rope, and saltpetre. The Gulf and Red Sea trade was conducted mainly through Bushire, in Persia, Bussorah, in Turkey, and Muscat and Mocha, in Saudi Arabia. It was very profitable formerly, worth Rs 30 lakhs per year, but was now greatly curtailed by the anarchic conditions in Persia and Egypt.[8] Trade to the east coast of Africa, Mauritius, and Maldives amounted to Rs 8 lakhs in grain, sugar, silk, and cotton piece-goods. In the 1790s the eastern branch of the country trade, the Eastern trade, was gradually superseding the other two branches.[9] Exports to the Andamans raised a meagre half a lakh, while those to Ava, Pegu, and Arracan brought about 6 lakhs in piece-goods, cotton, iron and naval stores. Opium formed the grand staple of commerce with China, Malaya, Manila, and Batavia. In 1794 alone about 35 lakhs worth of opium were exported to China and Penang,[10] besides grain, saltpetre, iron, cotton, and piece-goods which amounted to another 20 lakhs. The total maritime export of Bengal thus came up to C.R. 4,07,50,000.

Anthony Lambert gives little information regarding Bengal's import trade. We have to turn to the *Bengal Commercial Reports,* a series of reports on Bengal's external commerce based on the Customs House records, which begin in 1795.[11] In that year, private individuals imported about S.R. 1,13,48,871 in goods and bullion, a meagre S.R. 22,73,161 of which came from London.[12] Imports from Copenhagen were worth S.R. 7,70,136 and from Lisbon S.R. 10,24,943, from Hamburg S.R. 6,57,431, and from the United States S.R. 8,43,118. Coromandel sent salt, redwood, fine cloth, and chintz worth S.R. 20,86,034. Malabar exported sandalwood, coir, pepper, spices, and cotton worth S.R. 1,29,168. The Gulf area sent coffee, brimstone, dates, horses, and other items worth S.R. 9,03,845. Bengal imported from Africa and Maldives coir and cowries worth S.R. 17,167 and S.R. 47,975 respectively. Pegu exported teak, tin, wax, ivory, and lac worth S.R. 1,55,301. Malaya sent pepper, tin, wax, betelnut, gold dust, and specie worth S.R. 17,81,849, while China's exports were tutenag, sugar candy, tea, alum, and porcelain valued at S.R. 5,78,787.

The trade balance was in every case favourable to Bengal and

was paid either in silver or in bills on the Court, the Government of Bengal or the agents in England. The rate of exchange on London was about *2s. 1d.* or *2s. 2d.* per current rupee and *5s. 6d.* per dollar, and the China bills were eagerly bought by persons who wanted to remit funds to London. During 1795–6, the inland trade records in Bengal show that about S.R. 1,12,93,453 worth of goods and bullion were imported while S.R. 98,42,359 worth of goods were exported.[13]

The trade statistics given above are bound to be imperfect but they show the trend of Bengal's trade with the world. Foreigners played as important a role as the British traders in 1795, and London's share was not preponderant. British traders, supported by men of vision like Dundas, Scott, and Wellesley, aimed to carry the maximum share of Bengal's trade to the port of London. It was, in fact, the economic counterpart of their political offensive against foreign powers in India. Political and economic supremacy in the East were interdependent, and the struggle for both went hand in hand.

The merchants of Bengal expected a great deal from the Charter of 1793. Secure in the possession of the country trade, they looked forward to a profitable connection with the mother country which would be a medium of trade as well as of remittance. The Company offered 3,000 tons, which though inadequate seemed to be a modest beginning; but those who had speculated in shipbuilding in India in the hope of an imminent abolition of the India monopoly could not find the amount sanctioned satisfactory. The merchants were soon disillusioned about the good intentions of the Company, as they were disappointed in their wild expectations of a windfall. Almost immediately the shipowners began to press that their ships should be hired by the Company and re-let to them for carrying private tonnage on their own terms. The Company's angry rejoinders and the persistent clamour of the shipowners soon created a situation which boded ill for the future of the compromise of 1793.

Sir John Shore, the talented and industrious expert on revenue matters, who had done the spadework for the Permanent Settlement, succeeded Cornwallis. In 1794 the merchants of Calcutta expressed their disappointment in a memorial to him. Shore himself had aggravated the situation further by refusing

to take up the *Lachmi,* an India-built ship belonging to Lambert and Ross, though Cornwallis had provisionally accepted it to fill the shortage of the Company's tonnage.[14] Shore also refused to license other ships offered to him or to find tonnage for the cargoes prepared for those ships,[15] as he did not feel justified in taking up ships merely for the sake of private tonnage.[16] He only recommended relief for indigo because the freight had been calculated by amount and not by volume and the advances had been given in depreciated paper and not in cash. The arrangement had been blatantly unfair.

The memorial of 10 April 1795 was couched in stronger terms. It considered 3,000 tons for private trade inadequate and freight too high for exportation of gruff goods, being 33⅓ per cent to 50 per cent beyond the rate offered by foreign ships. As they stated, 'A preference which precludes competition on our part in all low priced goods, and must continue to force all the surplus produce of this country beyond the Company's investment, or the greatest part of it, to foreign ports'[17] could not satisfy them. Shore's refusal in 1794 had resulted in a wholesale consignment to Copenhagen.[18] The memorandum protested, firstly, against the uncertainty of tonnage, secondly, the limitation of the period in which tenders could be made, which restricted the choice of the consignors to the dear market or forced them to fail their tenders, and finally, the hazard of disappointment, when the government appropriated a tonnage far less than originally applied for. Though the Company had postponed the last date for filling private tonnage to accommodate merchants, the freight charged on such tonnage, £35 per ton, was uncommonly high, while the ordinary freight was no less burdensome at £22.10*s*. The private traders commented: 'To trade on these terms is rather a species of gambling than a sober regulated commerce.'

Richard Johnson, a Bengal merchant, voiced other grievances.[19] As the Company controlled the credit market by its huge debt operations, they could neither borrow at cheap rates nor, especially after Cornwallis's reforms, lend at high interest. Certain profitable commodities such as salt and opium were entirely in the Company's hands. The private traders could have made the same profits on these monopolies at a reduced scale of prices. The regulation for weavers, passed in 1787, had put undue

restrictions on the relations between them and the private traders, depriving the former of legitimate price and the latter of the surplus produce which was increasingly demanded by Europe. The Company had considerable control over foreign trade too, for instance, the raw silk and opium trade in the Red Sea area was affected by the Company's trade in the Levant. The Company bestrode the Indian world like a Colossus. The combination of sovereign power and surplus revenue made it invincible.

The Bengal merchants had every cause for being impatient. They were trying to take advantage of a speculation in commodities in the British and the European markets in 1795, following the Revolutionary War, without having to pay increased freight, insurance, and interest. The prices of Indian imports were rising in the London market and re-exports to Hamburg and other places were proving very lucrative. They reiterated their plea that the Company should take up Indian shipping not only to protect itself from loss, which would otherwise accrue from hiring costly extra ships in England, but also to enable them to trade cheaply and remit their fortunes profitably. They offered 30,000 tons of shipping belonging to the British merchants resident in Calcutta. Of this amount over 16,000 tons had been built in Bengal. The owners would let them at £12 per ton in peace and £16 in war, if they were allowed to load the ships themselves or to procure cargoes from private traders at the same freight at which they had engaged with the Company.[20]

Shore could only help them with a liberal customs policy which took off duty on grain, indigo, and silk—if exported in the Company's ships—on brass and copper utensils, spirits distilled in the European manner, and goods imported for exportation. He ordered Bombay and Madras not to levy duties on Bengal goods. The furthest he could go was to seek the Court's permission to hire Indian ships next year and to charge the same low freight for private goods as that paid by the Company to the owners of those ships.[21]

Quite unexpectedly the permission came, first, to carry an extended investment for which no regular tonnage could be sent[22]—the British government having taken seven of the Company's ships for war purposes—and, secondly, to carry grain and rice to England where an extreme scarcity prevailed.[23] The owners offered more than 20,000 tons at £16 per ton for all

goods save piece-goods, for which they asked for £20. The government closed on the offer, accepting the private tonnage required for 1795–6 also at this freight with a slight addition for insurance and interest. The *Warren Hastings* and the *Caledonia* of Bengal, both belonging to William Fairlie, were taken on the same terms as laid down in the memorial of 1795. In self-justification the Governor-General in Council wrote:

> We were particularly influenced by a consideration, that it is for the interest of the Company that the produce of Bengal should be carried to Europe on the Company's ships in preference to those of a neutral power.[24]

The private traders' success in convincing the Company to accept their suggestions on using Indian ships and a lowered freight policy, however, did not see the end of their distress. They had been party to a wild speculation in indigo in the years following the Charter and were now facing the consequences. The Company was responsible for the encouragement of indigo in the early stages. The first European indigo factories seem to have been set up in 1778 or 1779, presumably stimulated by the loss of American supplies due to the revolt of the Colonies. Between 1779 and 1784 it had bought indigo from a single person—John Prinsep.[25] The first indigo factory was set up in Bihar in 1783 and by 1785 there were fourteen factories in the Company's provinces.[26] In the 1790s it was purchasing on contract from the agency houses in general, especially from Messrs Udney, Fergusson, Barretto, and Scott. An advance was made to the contractors at the beginning of the season against which the agency houses supplied indigo. It was sold in England at the Company's sales, and the Company paid over the surplus profit, if any, after remunerating itself for the advance, interest, and freight at a stipulated exchange rate. It had always incurred loss on the indigo transactions, a cause of which was unscrupulous adulteration of high-quality Bengal indigo with inferior Oudh and Agra indigo.

The remittance plan of 1788, adopted by Lord Cornwallis, tried to shift the loss to the manufacturers and secure a profitable remittance for the Company at 2*s*. 4½*d*.[27] However, the pecuniary assistance of the Company (which also reduced the

charge on indigo, imported in privilege, to 5 per cent and on indigo, manufactured with its advances, to 2 per cent) and the great demand for the article in the European market after the loss of San Domingo on the outbreak of the French Revolution caused a speculation in indigo. This speculation was further encouraged by a conditional lease allowed by Cornwallis to the European planters in 1789–90.[28] When advances to the manufacturers were first made in depreciated paper (in 1793)[29] and then stopped altogether (in 1794),[30] the trade had increased beyond all reasonable bounds. In 1795, out of a total import in England of 4,368,027 pounds, Bengal alone supplied 2,955,862 pounds[31]—much above the average European demand; four-fifths of this amount was in very low quality, the produce of Oudh and Agra. Since 542,841 pounds of indigo had been raised on the advances of the Company, the rest must have been raised on private capital. Prices toppled in the glutted London market, suffering from a financial crisis in 1796–7 and temporarily deprived of the European outlets. The most solvent Calcutta houses like the Fairlies and the Barrettos, which had gone deeply into the indigo business, suffered a serious setback.[32]

This debacle further impelled the agency houses to use India-built shipping which was sure to earn better returns and, moreover, to prove on sale a source of repayment of loans contracted in England.[33] Sir John Shore, however, dealt them a hard blow when he refused in 1796–7 to take up their ships on the terms of 1795.[34] Even though Messrs. Prinsep and Saunders offered him 10,000 tons at £16 in war and £10 in peace, free of all charges,[35] the *Calcutta Gazette* of 2 January 1798 advertised freight at £52.15*s*. per ton of private goods exceeding the statutory tonnage. Not satisfied with this, the government imposed an import duty of 15 per cent on all indigo from Oudh and other western provinces that affected many planters as well as the agency houses which had lent them capital. The mercantile distress increased further with the interruption of the Eastern trade in opium due to the depredations of the French privateers[36] and the outbreak of war with the Dutch.[37]

The result of this negative attitude, assumed possibly at the behest of the Court, was disastrous. British merchants either bought Danish flags at Serampore[38] and engaged in illicit trade with Batavia and Copenhagen or lent capital to the Americans

to trade circuitously. Sometimes they traded under the American flag.[39] The Anglo-Danes monopolized the trade to Copenhagen and the Americans the trade to Hamburg. British capital remitted through foreign channels, mainly Danish, Portuguese, and American, may be roughly calculated. The excess of exports to Copenhagen over its imports into Calcutta between 1795–6 and 1797–8 was S.R. 15,73,540. To this must be added exports from Serampore which the Reporter on External Commerce puts at S.R. 2,00,000 in each of the first two years and at S.R. 24,00,000 in 1797–8, when Shore refused permission to India-built shipping. Excess of exports to Lisbon in the same period was S.R. 19,40,604; to Hamburg, S.R. 17,33,640, and to America, S.R. 31,02,189. Reckoning at least three-fourths of this trade as carried on with British capital, it can be held that Rs 83 lakhs had been remitted to Europe by the British traders in Bengal in three years, besides their lawful remittance through the Company's channels.[40]

If the war with the Dutch increased profit in the Anglo-Danish trade, the ambiguously worded Jay Treaty offered many loopholes to the Americans. It did not insist on direct voyages to India, nor try to confine the cargoes to the manufacture and produce of America, nor again did it expressly prohibit exports to any port of Europe.[41] Moreover, the thirteenth article of the treaty placed the British and the American ships on par in the matter of customs and charges on pilotage. The British government, unable to foresee the long war ahead and desirous of maintaining amicable relations with the United States in the midst of its mortal struggle with France, did not consider it wise to clarify the clauses. The cases of the *Perseverance* at Bombay, the *America* at Madras, and the *Elizabeth* at Calcutta made the Bengal government aware of the loopholes in the treaty. The first was charged with carrying on a circuitous trade between India and America via Hamburg on account of a British citizen. When the Solicitor to the Company at Bombay advised leniency, shown before to the *Eliza* and the *Fame* at Calcutta, the *Perseverance* was allowed to clear out for Hamburg.[42] The *America* loaded goods at Tranquebar, landed them at Madras, and asked for permission to go to Bengal.[44] The *Elizabeth* was charged with trading between Serampore and Batavia after loading cargoes at Calcutta.[45] The Governor-General concurred with the

Advocate General that, though this was not strictly port to port trade within the meaning of the treaty, this would divert all trade to Serampore.[46] The *Three Sisters* was another American ship that was stopped while proceeding from Serampore to Manila but was later allowed to leave for home.[47] Even the very liberal Advocate General held back from allowing an agency house to load an American ship for Manila.

The exigencies of war had enabled the neutral countries to seize a lion's share of Bengal's trade. Hugh Inglis, the Chairman of the East India Company, suggested to Dundas provisions which would counteract this evil as it threatened the country and the coasting trade but the latter drew back on diplomatic grounds.[48] The private traders' hands were strengthened when the King's Bench Division finally laid the seal of judicial approval on the widest interpretation of Article XIII in *Wilson* v. *Maryat*. The unfortunate case of the Danish ship *Helsingoer* brough to light the amount of clandestine trade going on between Bengal and Batavia. Dundas, therefore, had ultimately to think of prohibiting trade between Calcutta and Serampore,[49] and the Bengal government had to reimpose duties on goods entering that settlement from the Company's territories.[50]

The war affected Bengal's public finance. Shore made a modest beginning on Cornwallis's foundations which were none too secure.[51] The revenues of Bengal were thriving towards the end of 1794, showing an increase over the three preceding years.[52] Discount on 6 per cent promissory notes did not exceed 1¾ per cent.[53] The government felt so solvent that it abolished the town duties of Calcutta and reduced export and import duties at that port to 2½ per cent.[54] Inhuman conditions of the *ajoora molunghees*[55] were partially alleviated by the abolition of the tenure which was repugnant to 'the spirit of the Regulations, and the dictates of justice and good policy.'[56] *Batta* on gold was diminishing and a payment of 8 per cent notes was proposed.[57] Yet within six months the chimera of prosperity vanished into thin air. Eight per cent loans, which sold at a premium of 2½ per cent in October 1794, sold at a discount of 4¾per cent in the middle of 1795,[58] and six per cent loans, at a discount of 10 per cent early in 1796.[59] Advances to indigo manufacturers had to be stopped in 1796[60] with severe repercussions on government credit during the indigo crisis.

With the outbreak of the Revolutionary War the disbursements had increased by leaps and bounds. The French settlements in India had to be seized. A naval squadron under Admiral Rainier, accompanied by an expedition equipped at Madras, occupied Ceylon, Malacca, Banda, and Amboina in 1795. These operations caused relentless demands from Madras and Bombay, to which were added the expenses of grain supply to England in 1796 and the spate of bills from Canton. The Bombay government was in the hands of native shroffs like Gopaul Doss, Hurrykissen Doss, Monohar Doss, and Dwarika Doss who were lending at Rs 3 lakhs a month for bills on Banaras.[61] Madras drained Bengal of much-needed bullion worth 8 lakhs and drew to the extent of 14 lakhs,[62] besides getting permission to draw 3 lakhs a month. A stream of gold flowed again to Madras in 1797.[63] The supercargoes of Canton drew to the extent of a lakh of tales and obtained 12 lakhs on loan. Even Bencoolen was not to be left out of these financial frolics.[64] All the bills were drawn at an unfavourable exchange, and Bengal even had to promise to pay China bills in cash.[65] The deficiency caused by such extraordinary demands was so great that the investment had to be reduced from the traditional 105 lakhs to a mere 60. In 1797–8 discount on 6 per cent paper fluctuated between 14 per cent and 21 per cent, on 8 per cent paper between 8 per cent and 14½ per cent and on 12 per cent paper it reached 1½ per cent.[66]

The revenue situation filled the government with anxiety. Opium showed a decline from 1795–6, the primary cause (besides the expensive contract system) being over-speculation and glut in the Eastern market,[67] and the secondary cause, the import of cheap opium from Oudh. Hostilities with the Dutch worsened the situation further by interrupting communications with the East Indies. The government was so anxious to keep up the monopoly price that it forced the Vizier of Oudh to acquiesce in prohibition of opium import from his territory[68] and even burnt a thousand chests of that drug in Calcutta when none came forward to offer the fixed price.[69] Salt prices fluctuated between Rs 308 and Rs 280 per 100 maunds to the evident distress of the consumers and did not result in the amelioration of public revenue.[70] Only land revenue bore the whole burden of administration, commerce, and war. Even there defalcation

was not infrequent, and revenue sales of the period went high.

Determined to protect this only sure resource, the government allowed itself to be blackmailed by the zamindars in 1795. It had known that revenue sales were mostly caused either by the mala fides of the proprietors, who bought back in others' names (and thus quashed all previous rights and encumbrances attached to the property), or by the extravagance and bad management of the zamindars. Yet when the zamindars showed inability to collect rent, the government passed Regulations XXXV, XXXVI, and XXXVII which gave the landlords summary rights of distraint.[71]

Even this could not keep up with the high tide of war expenditure. The Stamp Tax, levied by Regulation VI of 1797, brought in very little. In order to keep up the investment of 1797–8 the government was forced to open a loan at 12 per cent,[72] to advise the other presidencies to do likewise, and to give the opium dealers a higher exchange rate on bills from Canton. Transactions, economically profitable but morally dubious, were not spurned. The Raja of Banaras, the proverbial milch cow of the Company, once more came to their assistance.[73] Under the pressure of financial necessity the mild-mannered Shore proved to be as ruthless as Hastings. He intervened in the political intrigues in Oudh on behalf of Saadat Ali against his nephew Wazir Ali. He informed the Court that 'the actual addition made by the treaty to the subsidy is twenty lacks twenty-two thousand three hundred and sixty-two,' assuring it further that 'this very considerable augmentation of our resources, added to the 12 lacks which the Nawbub has paid, agreeably to the treaty, for the expenses incurred in placing him on the musnud, and 10 lacks which the Governor-General has borrowed from Almas Ally Khan, will enable us not only to keep up the investment of 1798 to 105,00,000 of current rupees the standard of last year, but also to appropriate the further sum of three lacks of sicca rupees towards the increase which you have desired to be made in the provision of sugar.'[74]

In short, the system devised in 1793 broke down. The financial arrangements of 1793 had been made on the hypotheses of a continuation of peace and a steady return from the Permanent Settlement of Bengal, calculated in 1791 to yield more than Rs 2½ crores per year. The very first year of the new Charter,

however, saw the beginning of the Revolutionary War which rendered the first hypothesis untenable. The Permanent Settlement by its very nature was rigid and unadaptable to increase of expenditure. It held the hands of the government when civil and, especially, military charges began to rise rapidly due to extension of warlike measures to the foreign settlements in India and the East Indies. The surplus revenue of Bengal stood at C.R. 2,53,99,682 in 1793–4. It dwindled to C.R. 1,75,10,814 by 1797–8, and the charges rose from C.R. 3,33,19,778 to C.R. 4,03,16,599. Besides paying an interest of 35 to 40 lakhs a year on debt, Bengal had yet to contribute towards the investment of C.R. 1,33,48,793 on average during 1793–7. In 1797–8 the total Bengal debt had risen to C.R. 7,67,30,178, and the debt bearing interest to C.R. 6,07,43,580. But in spite of the addition of more than two crores of debt over two years, Bengal furnished C.R. 1,50,19,685 for the investment in 1797–8.[75]

It is not surprising in this context that Dundas, who now bore the burden of the India Board as well as the War Ministry, became increasingly worried about the large investments ordered from India in spite of her lack of resources, the rise of war freight, and scarcity of ship-timber and seamen so that he began to insist on the use of India-built shipping for all but the regular and legitimate trade of the Company.

When the Court ordered more silk from Bengal for the manufacture of organzine, Dundas advised the Chairman:

> Whenever you see it necessary to make experiment at speculation of the nature in question, or where you are bound to make provision for bringing home private or privilege trade, it would be infinitely more wise to give a power to your Governments abroad to take up shipping on the spot, to the full amount requisite.[76]

He also warned thte Court against trading beyond its capital.[77] Since, as sovereign of the Indian possessions, the Company could not circumscribe its trade without encouraging clandestine commerce which would foil his dream of making London the emporium of Eastern trade, the only solution appeared to be engagement of country shipping at cheap freight.[78] This had been proved beyond doubt by Shore's policy in 1796. Dundas supported this

policy unequivocally in a letter to the shipbuilders of the Thames who had been frightened at the arrival of the Indian ships:

> The British territories in India are under the sovereignty of Great Britain, and the ships built there are equally entitled to all the privileges of British-built shipping, as those built in the West Indies or Canada, or any other foreign dependencies of the Empire.[79]

He was not, however, challenging the peculiar claims of the India and China ships of the line. Private trade and the Company's trade in gruff goods would never be able to bear their high freight, still further enhanced by war. He, therefore, suggested the propriety of their conveyance in cheap India-built ships.

Dundas was ably supported by David Scott, who was the Deputy Chairman of the East India Company in 1795 and Chairman in 1796. He helped the cause of India-built shipping (which was also the cause of the agency houses which invested in such shipping) in the midst of his relentless struggle with the Old Shipping Interest. Though the Shipping Interest had struck at him by passing a resolution which debarred the Directors from having any connection with an agency house at home or abroad,[80] by 1796 David Scott forced it to accept cheap extra ships at £35 in war and £20 in peace and, correspondingly, to ask for lower freight charges for the regular ships.[81] This salutary reform had saved £130,000 per annum for the Company.[82] The other thing that was left 'to give Britain what from her acquisition of Empire in the East appears to be now her inherent right' was 'a reduction of duties'.[83] He had moved in that direction already. He backed Sir John Shore's plan of reducing import and export duties to 2½ per cent in India.[84] On 7 May 1797, he also prepared the memorial of the Directors to the Lords of the Treasury, which prayed for reduction of the prohibitive duties levied in England, so as to put the Indian articles passing through Great Britain on an equal footing with those which might find their way to Europe directly from India.[85]

Scott might have broken the Shipping Interest altogether by admitting more small ships in the Company's service, had it not been time for him to give up the chairmanship which was by rotation. Unable to make any further impression on the mono-

polists from the centre, he looked towards the India-built shipping he had ordered during his term of Direction to bring investment and rice. Two such ships, the *Caledonia* and the *Warren Hastings,* both belonging to his Bengal correspondents, Messrs. Fairlie, Fergusson & Co., seemed to presage his (as well as Dundas's) great dream of bringing 'into the Thames almost the whole of the Eastern Commerce. . .'[86] Before his retirement he had persuaded the Court to approve Shore's conduct, the object of which was 'no doubt to make India as useful to itself and to the mother country as possible.' But, out of the Direction, he observed with dismay that the Old Shipping Interest by '. . . excluding ships built at the outports and India-built ships . . . wish to transfer the monopoly which before rested with the old owners in the front and river builders in the rear to the river builders in the front and the old owners in the rear.'[87] He was grieved to hear about foreign ships' arrival in Denmark and elsewhere abroad supposedly laden with English money and amounting from £50,000 to £100,000 each, and told Shore that though he could not be of much help now, 'it will be great pleasure to me to find that you have been able to put this in such a train as to prevent its afterwards (owing to any petty interests partially operating) taking a retrograde motion when you have left the Government.'[88]

Unfortunately, however, 'petty interests' ruled the destiny of the Company: 'The present Chairman is our staunch friend and one of the best of men, but opposition have apparently proved too strong, and indeed run wild.'[89] In the despatch of 25 May 1798 the new Court, after dryly congratulating the Bengal government for sending ships with grain, remarked

> that under the authority of this approbation you are not to consider we mean to sanction as a general measure the practice of hiring ships and re-letting them to individuals for the purpose of their being solely laden on their own private account, as took place in the instances of the *Warren Hastings* and *Caledonia* . . . the tonnage which the law has allotted to the use of the individuals is meant for the accommodation of every description of merchants, whether concerned in shipping or not, in which they have all equal claims of participation . . . whatever shipping therefore you

> may hereafter be under the necessity of taking up in India—must be devoted to the general demand, and not to the use of any particular individual.[90]

The Shipping Interest, frightened out of its wits at the amount of tonnage available in Bengal at such low freight, took away the only advantage which made low freight possible.

To this explosive situation came Richard Wellesley (then Lord Mornington) in 1798 as the Governor-General of Bengal. He had an ability matched only by his ambition, a vision which saw through the haze of ignorant goodwill and unrealistic prejudice, a drive that cut through conflicting interests as a knife through cheese, and a single-minded zeal which brooked no baffling obstacles. He had also his share of human vices—impetuosity, arrogance, and a cold aristocratic aloofness which refused to see the other man's point or to hold back for the price which people had to pay for his decisions. During his apprenticeship at the Board of Control, 1795–7, he came into close contact with David Scott and Henry Dundas and before he left for India he had imbibed the former's liberal views on trade and the latter's forward policy which, in the ultimate analysis, appeared to him to be complementary. Indeed, Dundas, a pragmatic politician, found that his idea of an interdependent empire, heightened since the beginning of the war, forced him more and more to take a stand against rigid monopoly and Scott, a hard-headed merchant, found that his free trade doctrines, whetted by the phenomenal industrial progress since the nineties, compelled him increasingly to champion the cause of imperial expansion. To Wellesley, who had undergone such an orientation, the realities of the Indian situation at the end of the eighteenth century urged with greater vehemence the immediate adoption of a liberal trade policy if the imperial dream was to be fulfilled. In his passionate vision the mercantile interests of the Company appeared trivial while its sovereign character loomed large as the grand arbiter of India's destiny, decisively crushing the menace of the French empire. He only asked the Company, his countrymen, and Providence to grant him the proud privilege of being the supreme architect of this abiding glory and not to sink into oblivion as an inspired administrator like Shore. But he found to his chagrin a hostile Court, now thoroughly alarmed, engaged in a rearguard

fight against the new heresy that tried to procure its downfall. In this conflict of character and temperament, ideas and interests, there was no respite until one party was broken.

On his way out Wellesley received a letter from Scott recommending William Fairlie for information and advice on all commercial matters, for, 'I suppose no English House in India has such extensive concerns as Mr Fairlie's.'[91] Scott wished to put through, with the help of Pitt, the Warehousing Bill, and he gave Wellesley the task of encouraging exports from Bengal which would bring out its full benefit. As the Company's investment had been reduced due to financial embarrassment, he suggested 'we should endeavour to encourage the merchants to take off the superabundant produce which must arise in proportion to that reduction,'[92] and which might in absence of such arrangement leave through foreign ships, reported to amount to 20,000 tons in Bengal alone.[93]

The financial embarrassment, referred to in Scott's letter, was indeed very grave.[94] Allowing for a supply of Rs 1 crore to Madras and Bombay in 1798–9, the total deficiency in India came up to S.R. 2,13,81,321. While the sums applicable to the investment in the last two years amounted to S.R. 81,43,858 and S.R. 96,44,550 respectively, the actual investments were C.R. 2,30,70,125 and C.R. 2,65,45,040. Since the sale of imported goods and certificates in the same years amounted to C.R. 38,19,380 and C.R. 58,28,330 and bills drawn on the Court fetched C.R. 79,88,699 and C.R. 32,87,203, the remainder must have come from loans.

The certainty of war with Mysore made the situation more desperate. On his landing in India, 26 April 1798, Wellesley had learnt of Tipu Sultan's negotiations with France and her dependency Mauritius.[95] He began to prepare for war, and when he heard of Bonaparte's landing in Egypt on 18 October, he ordered his troops in Madras and Bombay to take the field. But money was not available on account of the sinking fund,[96] even at so favourable a rate as 2*s*. 6*d*. per sicca rupee payable twelve months after date. There were thus two alternatives before the government: reduction of the investment or large-scale borrowing on less favourable terms. Since the former would be unpalatable to the Court, Wellesley proposed a decennial loan at 10 per cent, which the Court could postpone for two years more. It was no

doubt much more stringent than the short-term 12 per cent loan of Shore but had to be accepted because of the conditions of the money market. Over and above this, the Court was called upon to assist the depleted resources of Bengal with regular and liberal export of bullion.

In spite of this loan and acceptance of the discredited 12 per cent paper at par as subscriptions, the latter showed in October 1798 a discount of ¾ per cent to 1¼ per cent while 8 per cent notes showed a discount of 17 per cent to 18 per cent and 6 per cent notes, of 24¾ per cent to 25¾ per cent.[97] To give Madras and Bombay greater relief, investments had to be cut down and bullion for China withheld.[98] To protect opium revenue, poppy cultivation in Bengal was destroyed and 1,855 chests of that drug were burnt,[99] while to protect land revenue, greater power of distraint was granted to the zamindars by *Regulation VII of 1799*.[100]

As the war went on, however, these measures failed to cope with the rapidly mounting military charges. Wellesley reduced the sight of bills on the Court from 12 to 2 months, fixed the rate of exchange at 2*s.* 6*d.* per sicca rupee, permitted individual merchants to supply the Cape of Good Hope, and Messrs Fairlie & Co. to export cotton to England.[101] Finally, he not only reduced the Bengal investment to C.R. 87,76,848 but allowed private traders to send goods to England in their own ships, as Shore had permitted, although it had been forbidden by the Court.[102] 'It would have been a most improvident and mistaken economy,' asserted Wellesley, 'to have hazarded the permanent safety of the British empire in India, and to have abandoned the sources of your commercial prosperity without defence to the attack of the enemy, for the purpose of preserving a spacious and delusive appearance of security in a conjuncture of real danger.'[103]

His last act was differently viewed by the Court and the Board. The former had insisted on large investments for a long time. Sending specie to India for the first time since the Third Mysore War, Jacob Bosanquet, the Chairman of the Court, wrote to Wellesley in 1798, 'They will enable you, whatever temporary difficulties you may get into, to keep up the course of your returns for this country, as you will recollect that such returns are a necessary part of our existence.'[104] Hugh Inglis reiterated next

year the same sentiment about the investment 'without which we cannot keep the machine in motion.'[105] In spite of large sales at India House, the Company had been in distress since 1796 for three principal causes: 'the increase of commerce—the increase of war freights—and the decrease of funds in consequence of the inefficiency of Bonds'.[106] The Bank of England's demand for repayment of £700,000 made matters worse. The Company was allowed to raise £2 million in capital but preferred to ask the government for repayment of expenses incurred on account of expeditions against the French in and outside India.[107] Under such circumstances the only sure resource was the investment, and the Court did not mind if it was purchased with loans.

The British government, however, sharing the same view about the investment, differed with regard to the means of purchase. Pitt replied stating his inability to repay the military expenses and insisting on immediate export of arms and silver to India.[108] Dundas sarcastically referred to the yearly investments of three-and-a-half millions while the territorial surplus seldom exceeded a mere half.[109] He wrote to Wellesley to see to the reduction of debt 'which the mixt (*sic*) exigencies of war and commerce had created' and which not only exhausted the whole surplus in war but threatened the operation of the sinking fund, that is, government credit, after the return of peace. Dundas did not fall a prey to the Court's 'flattering delusion' of large sales but still he considered large investments imperative, provided they were bought with the Company's own resources. Export of bullion to India, as demanded by Wellesley, had become supremely urgent. It would alleviate scarcity of capital and, bringing down the rate of interest, assist public and private credit. Once the loans at high interest were stopped, the principal of the debt itself could be considerably diminished through the remittance plan which had now dwindled into insignificance, as money could now be invested for much higher remuneration in public securities. Even then, the capital of the Company would not be sufficient to embrace more than half the produce of India, as had been proved by the trade of neutral nations in recent years.[110] There were two ways to bring the whole trade to the Thames: diminution of duties and charges which the Warehousing Act proposed, and authorizing the government of India 'to license the appropriation of India-built shipping to the pur-

pose of bringing home that Indian trade, which the means and capital of the East India Company is unable to bring home.' Dundas was considering the eligibility of the second measure since 1797. Now that Wellesley had adopted it, though 'the whole weight of the shipping interest will be opposed to such a proposition, under a most false and erroneous idea that it is prejudicial to their interest,' Dundas wrote that Wellesley 'need not be under any apprehension as to the result of it.'[111]

Though Dundas affirmed and re-affirmed his concurrence on the subject of India-built shipping[112] and even promised full support of the government in case Wellesley liked to continue the policy of sending India-built ships,[113] he also stuck to his other position regarding reduction of the India debt. Considering the Permanent Settlement of land revenue in Bengal and the double government in the Carnatic, Tanjore, the Northern Sarkars and Oudh as the most baffling obstacles before improvement of resources, Dundas supported Wellesley's policy of subsidiary alliance.[114] With regard to the French menace, Dundas also acquiesced in his Mysore War, but he would not allow augmentation of debt or use of additional revenues of the conquered Mysore for the investment.[115] He supported the Court of Directors 'in the proposition of not diverting . . . for the purpose of war the specie sent out from the country for the purpose of commerce.'[116]

In attempting the impossible task of striking an equilibrium between the commercial calculations of the Court and the imperialist strategy of Wellesley, Dundas contradicted himself. He failed to see that there were two alternatives to borrowing. Either the Government should abjure the policy of imperial expansion which Dundas or Wellesley would hardly like or it should give up commerce on a comprehensive scale, which the Court would heartily abhor. Neither the capital of the Company as it stood nor the Indian revenues, separately or together, would permit the luxury of a combined pursuit of imperial and mercantile objectives.

David Scott supported Wellesley's policy on very much the same grounds.[117] Clandestine trade had become a risky business, and his firm had been charged with complicity in it by the Old Shipping Interest. Not only had David Scott Junior and Company and their Bengal correspondents, Fairlie, Gilmore & Co.,

been implicated in illicit trade between Bengal and Denmark via Batavia and Manila but Scott himself had been accused of giving out state secrets to the enemy. The charges were ably refuted by Scott in his speech at India House on 20 March 1799,[118] and Professor Philips thinks that the decision of the Directors and Proprietors to acquit him were just.[119] But the fact that some of the agency houses in England, in conjunction with some of the agency houses in Bengal, were carrying on a large-scale trade with the enemy territories was revealed. The *Helsingoer* or its cargoes might not have belonged to David Scott Junior & Co. and David Scott certainly had not given information to Captain Murrey about the capture of Manila. But there was evidence that Fairlie, Gilmore & Co. had been trading between Batavia and Europe under Danish colours and Duntzfeldt & Co. of Copenhagen had been trading with Manila. David Scott Junior & Co. acted as agents for Fairlie, Gilmore & Co. and for Duntzfeldt & Co. in London. Duntzfeldt, an old Bengal merchant, was a friend of Fergusson, who was a former partner of David Scott.[120] William Fairlie still had an equal share with William Lennox, one of the trustees of David Scott Junior & Co.[121] Scott recognized the exertions of Fairlie for his house,[122] and did everything to help him out during the indigo crisis. He recommended Fairlie to Wellesley and, even after the charges had been levelled, sent him a list from which to choose future partners in view of 'the close connection and the inter-woven interests and future prospects of those two Houses'.[123] He even admitted that he was a partner of Fairlie, Gilmore & Co.—albeit a sleeping partner—and though he believed William Fairlie 'had no interest in any of the Batavia ships and had acted in no respect except as agents to the Danes,' he talked of pushing through indemnity acts to condone the guilty agency houses.[124] The Old Shipping Interest was behind the charges levelled against the agency houses. The precipitate fabrication of charges, the unjust mode of accusation, and the unseemly prosecution proceedings, revealed the hand of the Shipping Interest—Elphinstone and Cotton. They began the conspiracy in secret committee as early as 3 March 1799.[125] They egged on Jacob Bosanquet, the chairman (who belonged to the City Interest and was drawn into this affair because of his intense jealousy of Scott's influence with the government). Elphinstone and Cotton through their

henchman, Twining, also tried their best to procure at least a Bill of Discovery against the house of David Scott Junior & Co.[126]

The protagonists of private trade interest rallied to David Scott's cause, for they found that his defeat would be their own undoing. Thomas Henchman, Randle Jackson, Alderman Lushington and Peter Moore defended him stoutly in the General Court debates of 20 March, 19 June, and 28 June and saved the house from a Bill of Discovery. Scott took the offensive without delay and pushed through Parliament a bill to regulate the manner in which the Company should hire and take up ships for the regular service.[127] Peter Moore brought a motion in the General Court suggesting cooperation with the India Commissioners as the best plan for bringing all commerce of British India into the port of London, as the Charter of 1793 had failed to do so. The general demand was that British ships should be put on an equal footing with foreigners so far as the residue of the Indian trade was concerned. The wild attack of the Shipping Interest on David Scott precipitated the battle between the monopolists and the free traders. The next round was to be fought over Wellesley's policy of sending India-built shipping. Baulked of its prey, the Shipping Interest turned to its recalcitrant governor general for vengeance.

After doing its best to send more than £1 million in specie to India in 1798–9 and about £1 million sterling in 1799–1800, the Court was astonished to find that the regular ships were coming home half full.[128] Even Scott complained, for the purpose of increasing the cargoes of Indiamen to 17 lakhs each was to save on freight and insurance.[129] Though the Supreme Government had refrained from sending country ships in 1799 per order of the Court of 25 May 1798,[130] the financial account it gave in January 1800 was far from pleasing in spite of the resounding victory over Tipu Sultan on 4 May 1799.[131] It showed an ordinary deficit of about Rs 84 lakhs for 1798–9 and an estimated surplus of only Rs 9 lakhs for the next year. Adding extraordinary receipts and deducting extraordinary disbursements, the total deficit reached the fabulous sum of S.R. 2,77,40,801 in the former year of which S.R. 2,18,30,396 had been raised by loans, mostly in Bengal. In 1799–1800 the estimated total deficit would be wellnigh Rs 4 crores, three of which were to be borrowed in Bengal.[132] Wellesley saw no other remedy than

abundant import of bullion from England, which would ease public credit and enable the Company to secure the produce of India to the exclusion of other foreigners. He had warned the chairman earlier 'that the exports of Portugal from Bengal in the year will nearly equal those of the Company,' hoping he would 'draw the natural conclusion from this fact.'[133]

It is in such circumstances that Dundas again found it necessary to explain his position with regard to the India debt to Wellesley and his position with regard to Indian shipping to the Court. He seemed to have considered the huge debt for the Mysore War 'necessary' and justified on grounds of policy. The French menace was uppermost in his mind since he had taken over the control of Indian affairs, and he was prepared to pay the price for their withdrawal from India. But he felt himself constrained to caution Wellesley about debt in view of a future emergency when even loans at extravagant rates of interest might not enable the government to manoeuvre for credit.[134] He was pained at the insignificant surplus estimated for 1799–1800. India was to be 'a source of great annual addition to the wealth and capital of this country instead of . . . a large provision for great numbers of civil and military servants existing upon its establishments.'[135]

He firmly brought home to the Court that the arrangements for supplying tonnage to private merchants of India, made in 1793, had been rendered ineffective by the Company's policy. He did not object to, he had even facilitated, neutral trade with India but 'nothing certainly can be more just and natural than that those nations who traded to India, should trade there on their own capitals.'[136] He had found them trading with British capital and aiding France through the ports of Holland, Hamburg, and Copenhagen. It was to enrich Britain with the fortunes of the British as also to destroy 'the colonial resources of our enemies,' and to add 'proportionally to our commercial resources, which are, and ever must be the sole basis of our maratime (*sic*) strength,'[137] trade on British capital must be brought to England. For this either the British merchants themselves or their agents under the control of the East India Company should be allowed to bring the surplus produce of India in India-built shipping.

Dundas assured Wellesley of the favourable outcome of his

letter to the Court, hoping that Wellesley had already acted upon the principles laid down in his former correspondence on the topic.[138] Meanwhile, deprived of the right given to them by Wellesley in 1798, the shipowners and merchants of Bengal were agitating for some such action. Out of twenty-six ships—all but two of which had been built at Calcutta, and six were being built—which according to the Board of Trade were prepared to go to London in 1799, Messrs Fairlie, Gilmore & Co. owned or managed six, Lambert & Ross, five and Hudson, Bacon & Co. and Aberdeen & Co., two each.[139] Fairlie had an immense quantity of sugar, piece-goods and silk, and thus wanted for the agency houses 'a fixed permission without which they could not act in freedom,'[140] and considered the government's negative attitude '. . . as indeed perverse to an extreme and really is creating trouble for themselves.'[141] Private goods seeking cheaper transport exceeded 10,000 tons, and a speculative increase of prices of Indian goods in Europe had resulted in foreign competition.[142] William Lennox informed Dundas that, in consequence, all private trade was 'going into the hands of the Americans who were powerfully supported by most eminent houses in London,' and would surely be captured by the foreigners and the Englishmen domiciled in foreign ports with the return of peace.[143]

The agitation in England and India by the agency houses bore two results. Dundas urged the Court again to settle matters regarding trade and finance, for, 'if we are remiss, other nations neither are, nor will be so,' and Wellesley sent India-built shipping again. In the previous year he had sent private goods on the Company's terms at £22.10*s*. per ton but had notified the disinclination of both merchants and shipowners to tender unconditionally, as the freight fell heavily on gruff goods like sugar which alone sold profitably in England. On 9 March 1800, he reiterated the expediency of sending India-built shipping on the liberal terms of 1798, for goods in the market were leaving by foreign channels. No reply came to either of these letters. In September, Udney, of the Bengal Board of Trade, reported that not even one-fourth of the funds with which the Americans purchased their investments in 1799–1800, worth S.R. 37,87,937, came from America. In 1798–9, when private merchants had been allowed to arrange with the shipowners, the Americans had

to import more than they exported for the first time since 1795–6, while in the very next year, due to withdrawal of Wellesley's liberal policy, their exports had again exceeded their imports. Trade with Lisbon and Hamburg showed the same tendency. To counteract this evil Udney favoured import of British capital into India to relieve the money market and help the British to oust all foreigners from India's foreign trade.[144]

A very interesting conflict now developed in the Bengal administration. While Udney and Myers, the Accountant General, supported the cause of private trade, John Bebb, who was at first in Wellesley's good books, went over to the other side on receiving inspiration from Leadenhall Street. Wellesley 'attempted to steer a middle course, but experience has proved that my first track was the most safe.'[145] With his conviction regarding the expediency and justice of his plan of 5 October 1798 unaltered and in view of the shortage of tonnage in 1880, he asked for a speedy reply on this matter.[146] Besides the usual arguments he introduced a new factor in the controversy by courageously advocating investment of capital from England '. . . to augment the produce and manufactures of your dominions to the full extent of any possible demand,' especially when such capital had been financing the Portuguese, the American, and the Danish trade. Finally, as no specie arrived, the investment of 1800 was reduced, a second decennial loan at 10 per cent was floated, and, by an Order in Council of 19 September 1800, export of private goods was allowed in country ships on the terms laid down in 1798.[147]

The state of public finance forced Wellesley to take the same course in 1801. Salt revenue was falling and the average price of opium was coming down.[148] Debt had increased by about Rs 2 crores in the previous year and its burden, aggravated by the disadvantageous terms of the late loans, amounted to another crore per year.[149] Public securities, improving after the success in the Fourth Mysore War, suffered a setback.[150] Notwithstanding many heavy liabilities, the government had to bear the expenses of an abortive expedition to Batavia and to finance Baird's expedition to the Red Sea to drive off the French from the Suez zone.[151] To raise money it issued treasury bills to the extent of a crore of rupees at 12 per cent and advertised for a new loan. But as a loan had little possibility of supplying such a great

deficiency, it reduced investment again. Considering, however, the danger of withholding advances, which would affect manufacture and ultimately land revenue in a country where agriculture and manufacture were pursued by the same people, '. . . it has appeared to be necessary to afford in the present season every possible encouragement to the private merchant in order that he may be enabled to supply the place of the Company in the market, and to furnish that support to the manufacture which for the present season cannot proceed from the Company's funds.'[152]

Lord Wellesley's defiant decision was based on several considerations: political and economic conditions in India as affected by the Anglo-French Wars, the Court's inability to send specie on a large scale and in time, strong support and even positive encouragement from Dundas and Scott, and finally, the dictates of his own liberal views and his own imperial design, sustained against wise counsel or interested motive by a proud and unbending temperament. We have observed the exorbitant demand of war on India's public finance. Wellesley was absolutely right in asking for aid from London. But the Court must be absolved from the charge of intentional delays and stoppages in export of specie or of niggardliness. The Court appreciated the need of bullion export even by borrowing:[153] between March 1798 and March 1800 over £2½ million were borrowed and sent.[154] The delays were caused by war or difficulties in obtaining dollars. The exigencies of the State sometimes deprived the Court of the supply.[155]

We have dwelt on the encouragement given to Wellesley by Dundas. Scott was equally responsible for Wellesley's decision to support India-built shipping. As early as July 1799, he talked of his and Dundas's plan of obtaining parliamentary sanction for India-built shipping and hoped 'that as much as the Company's investment for want of resources is reduced will be at least made up by the country ship's imports.'[156] He urged again in the beginning of 1800, when he learnt that Wellesley's policy had been discontinued during his absence from the centre of government: 'I hope on your arrival you'll put all to rights; whatever you do will be approved.'[157] When a second indigo crisis began in the same year and extreme scarcity of food was apprehended in England, Scott tried to persuade Pitt and Well-

esley that nothing short of permission to use India-built ships would induce merchants to bring such goods.[158] Wellesley, moreover, had to do something for the agency houses on whose moral and financial support he relied for the execution of his imperialist design. The agency houses supported war in their own interest. It would give them plenty of contracts, alleviate scarcity of money through enforced imports of bullion, and open up prospects for investment in public loans at high rates of interest. In return for this support they wanted facilities for remittance in their own ships which could also become a medium of import of the much-needed capital from England. Wellesley could not deny them this advantage, especially when he found that the diminution of the Company's demand would affect Indian manufacture and revenue. He was also influenced by private motives; his aristocratic arrogance was deeply stirred by the intrigues between John Bebb and the Court. 'I am a dreadful tyrant,' he wrote, 'arbitrarily jealous of power, sovereign Lord and Master, and impatient of all control in India, excepting that of my own sense of right and wrong.'[159]

He replied in the same vein to Dundas's complaint that he was using commercial funds for military purposes:

> Do you really mean that in the event of sudden war, the government in India is not (like any other government in the world) to consider the security of its military resources as the paramount object of its attention? . . . Indeed this doctrine would lead to a state of warfare between the sovereign and mercantile characters of the Company, and I must say that it more resembles the maxims of a merchant, than those which become a sovereign.[160]

He refused to cut down the European infantry, which hung like a millstone round the neck of Indian finance.[161] He even resoundingly declared that he would help all British merchants 'because I feel that the public interest is deeply involved in theirs.'[162] Wellesley had turned an embarrassing disciple to his erstwhile mentors.

Dundas's insistence on a debt policy and Wellesley's intransigence regarding country ships were serious challenges that the Court was forced to respond to. Additional pressures on the Court

were the growing evidence of clandestine trade and repeated appeals of British merchants for permission to take out smaller ships to India.[163] The Court replied in a series of reports of the Special Committee appointed to consider the letters of Dundas and Wellesley. The first report came out on 27 January 1801 and the second on 2 April 1801. Both were written by Charles Grant who was also trying to persuade Dundas to accept his views.[164]

Dr Furber's research reveals the early career of Charles Grant.[165] He was, from now until his death in November 1823, the most influential member of the Court and the most ardent champion of the cause of monopoly as well as of the moral uplift of the heathen Indians. Admiring 'the goodness of God that has given me power to get wealth' in clandestine silk and piece-goods contracts, when he was the Resident at Malda, he had managed to become the Commercial Adviser of Cornwallis and, after his retirement, had entered the Direction in 1793 in the wake of David Scott as the enemy of the Shipping Interest. He had loyally supported Scott in all his conflicts over the question of fair and open competition. But, when in the middle of 1798, the controversy turned on the superior advantages of small ships and the Court viewed it as an attempt to introduce India-built shipping, Grant got worried about the intensity of feeling aroused in the majority of the Court.[166] With a pardonable ambition for the chairmanship, which he could not hope to carry without the help of the Shipping Interest, Grant began to persuade himself of the dangers inherent in Dundas's letters and the logical pursuit of Scott's plans. Wellesley's actions brought him off his fence.

While Grant's voluminous 'Observations' fought Adam Smith, his reports fought with the latter's living exponents—Scott and Wellesley. He tried to save Dundas from what he saw as the inevitable culmination of his liberal policy: colonization of India and her ultimate defection, like the American colonies, from the mother country. He challenged the false claim of the British subjects in India that the Charter of 1793 gave them the freedom of trade that the foreigners enjoyed. Shipbuilding by individuals was not warranted by the Act but 'when ships were built, a necessity was created of employing them.' The tonnage was granted to private merchants for conveyance of their fortunes, and the average excess of exports to London on private account,

amounting to £1 million sterling, was sufficient for this purpose if bills, averaging £514,238 per year for the last five years, be added to it. If there were more surplus goods in India and they were sent through foreign or illicit channels, capital engaged in purchasing them must have been sent from England, Europe or America, and the Company could hardly be held responsible for its remittance.

Grant also questioned the contention that the Americans had engrossed all exports from the enemy settlements and half of all bona fide neutral exports—their share was no more than a fifth to a sixth of the whole foreign trade of Bengal, for which they imported much-needed silver. Moreover, the exports to Europe and America were progressively diminishing, and the balance taken out of Bengal by all neutral and clandestine traders did not amount to 22 lakhs of rupees while that taken by private traders to London averaged 43 lakhs in the last four years. Free trade in this context would mean competition between two sets of capital—both British—one from England and the other from India. He was against using India-built ships for the profit of the owners who considered ships not as vehicles for carrying Indian exports but as consisting in themselves a profitable employment of capital: 'As a means I would admit it, as an end, I think it not entitled to encouragement.'[167]

The *First Report,* submitted on 27 January 1801, further rebutted the crucial arguments that there was a surplus that the Company could not carry with its resources, and that it was possible to increase the produce and manufacture of India and the Company had done nothing on that account. It was due to the Company's encouragement, the Report reminded, that indigo[168] and sugar had prospered since the days of Cornwallis. Thanks to the speculation of the private traders, the market for the former was over-stocked; thanks to the opposition of the West Indies planters, the market for the latter could not grow. The remittance plan for indigo was indeed discontinued in 1795, but, ever since the second crisis in 1800, it had been revived.[169] Cotton from India could not succeed in competition with American cotton due to high war freight, and it was being used as the Company's remittance to China. Saltpetre could not be entrusted to the private traders during the war. No further improvements of raw materials was possible in the present state

of the Company's finance unless capital was introduced from England, which was politically inadvisable.

The *Second Report* objected to Wellesley's attempt to create on behalf of the Indian shipowners a permanent right where before they had been given a privilege dependent on the Company's discretion. It referred to considerable decrease of neutral export trade and increase of neutral imports of specie. The foreigners' trade was a trade of contingencies arising from the European wars. The return of peace would reestablish the balance again. This must be quickened by reduction of duties in London and the end of abuse of the Jay Treaty.

These reports resulted in the resolutions of 4 February 1801, which offered, in addition to 3,000 tons fixed in the Charter, as much tonnage as might be required to be wholly applied to private trade, which should neither be destined nor detained for political or warlike services. Such ships were to be built by the Company and when they would not be sufficient, the Indian governments should freight Indian ships for conveyance of private goods. No admission of India-built ships as Wellesley had permitted was to be countenanced because they seemed 'to involve principles and effects dangerous to the interests of the Company and of the nation.'

Dundas did not view the introduction of British capital into India with such alarm, though he had opposed it in his letter of 2 April. If the British capitalists thought they would make good returns from investment in India trade, no restriction could prevent it. So long as the Europeans were forbidden to hold land in India, the safeguard against colonization was assured. He even considered a little export of capital necessary to develop Indian raw materials. He doubted whether regulations for remittance from India could be founded either on a standard of tonnage or a supposed amount of fortunes annually transmitted from India.[170]

The avowed protagonists of private trade, like Thomas Henchman, John Cochrane, and Sir George Dallas, replied with greater vigour.[171] Henchman's 'Observations' was regarded as a textbook on private trade by Dartmouth,[172] President of the Board of Trade, and Wellesley considered it to be the best vindication of his policy.[173] In Henchman's opinion Grant's statistics were inaccurate. Out of the total foreign exports of Bengal which came

up to S.R. 2,59,68,000 in 1799–1800 the Company held only about a crore, far less than half; the legal private trade to London in that year fell below the neutral and clandestine trade by S.R. 24,36,000; instead of the trade of foreigners, Europeans and Americans being a little more than one-quarter of total trade, it was a little less than one-third and more than half of the total trade on British bottoms. Decrease of foreign trade was questionable considering the number of foreign ships in Calcutta in 1799–1800. Henchman thought that the coastal trade, a share of which passed into illicit channels, should also be reckoned in estimating the private trade with Europe.[174] He rebutted the Court's argument against Indian cotton with reference to its growing supply to China. The only difficulty was high freight which, as Sir Robert Peel thought in 1797, could be circumvented by the use of country ships.[175] He denied the profitability of the Company's trade while it raised investments by bills or loans. Moreover, the private remittable British capital had been grossly underestimated by Grant: it 'was long since estimated at £2,500,000 and there is no doubt that this is at present a very small part of it.'[176] Since it was insufficient for the proper exploitation of the Indian market, import of capital from England would be welcome. Comparing the prices of ship-timber in Bengal and England and the costs of construction in both places, he considered the Court's plan of building extra ships ruinous. Acceptance of Wellesley's plan would be the only real solution.[177]

Not content with publication of this pamphlet, Henchman together with other influential spokesmen for the agency houses, like Cockerell, Johnson, Lambert, Prinsep, Paxton, and Boehm, tried in the General Court to refer the whole matter to the previous Governors-General.[178] When this was overruled, they called for a ballot. The other party appealed shrewdly to the fear of the British shipping interest and, before the decision of the ballot, sent the supposedly unanimous draft paragraphs (No. 139), based on the resolutions of 4 February 1801, to the Board for its approval prior to their despatch to India. Finding in it censure of Wellesley's conduct, the Board stalled it on the ground that it involved political as well as commercial questions.[179] When the General Court confirmed these resolutions, the agency houses lost no time in appealing to the Board. They warned the Board that the proposed resolutions would not be able to secure the end in

view and would ultimately divert Indian trade to the French settlements and European trade to Antwerp, which the French planned to declare as a free port, and to America. On 12 June Sir William Pulteney asked in the House of Commons for papers on India trade so that he could bring a motion next session allowing India-built shipping.[180] While Baring tried to drive a wedge between the Indian and British shipowners,[181] Dundas, no longer the President of the India Board, solemnly warned the House of the extreme scarcity of timber in England, and Pitt, now the Leader of the Opposition,[182] said that he would be glad to be informed by what right the East India Company or the nation could deprive the people of India of the privilege of exporting their own produce and manufactures in their own shipping.[183] The private traders had at last brought the whole question before the nation and had secured the open avowal of a very important section of the Commons.

The Prime Minister, Addington, had to intervene when the Court advertised for ready-built ships of 500 to 600 tons and for the building of ships of 500 to 550 tons, ostensibly to bring private gruff goods but actually to forestall Wellesley from sending India-built ships in 1802. The Prime Minister thought such ships 'far beyond what can be deemed necessary for the purposes of their regular trade.'[184] The Board, now headed by Lord Lewisham, later Lord Dartmouth, once again sent down the draft against Wellesley (now No. 159) as inexpedient.[185] Both these measures were taken on the appeal of the East India agents.[186]

Scott requested Addington to put off his veto on the new tenders and he explained this novel request as well as his strange conduct for some time past in the same letter.[187] He was in an unenviable position as the Chairman of the East India Company in 1801. 'In that quality,' he wrote, 'as organ of the Court, I have according to usage, appeared to profess the same opinions as the Court, and indeed, in the General Court of Proprietors upon the same principle, have supported them, although I have differed from the majority . . . on some material points in this question.'[188] He was trying to push through an urgent plan of retrenchment and would like to throw a sop to the Court by allowing it to take up smaller ships at least in an experimental way. Moreover, he did not want the question to come before Parliament because he would then have to resign from the Court

as it would be impossible for him to cloak his real views. Loath to abandon his reforms and not yet prepared to resign, Scott naturally wanted a compromise with the government on private trade. Addington understood his dilemma but stressed the importance of exploiting the teak resources of India.[189]

Things were, however, moving too fast. On 14 August Scott offered to resign and make way for a chairman, who would be more in accord with the majority view on private trade.[190] The Court, irritated beyond measure by his frank confession, brought a motion of no-confidence against him, which was defeated. But this supreme affront drew a dignified letter of resignation from Scott on 2 September which was accepted with indecorous eagerness.[191] The Shipping Interest had at last secured the final defeat of its chief enemy.

The Court continued its fight against using India-built shipping and came to a confrontation with Dartmouth, who was defeated. Dartmouth's greatest sin was to accept Scott's advice regarding India-built shipping and retrenchment.[192] But the protest of the managing owners of the regular ships, who were afraid of the introduction of a new class of ships for eight voyages,[193] and the memorial of the merchants and agents, who would be injured by the Court's resolutions,[194] also influenced Dartmouth's decisions. After the Secret Court accepted the compromise offered by Vansittart (Addington's representative) on 17 November and further amendments of Addington on 25 November,[195] the private traders found the government ranged against them in the Commons debate on Sir William Pulteney's motion on India-built shipping.[196]

Addington backed the eleven resolutions of the Secret Court of 17 November which provided for employment of India-built ships for two years, as an experiment, but bound the Indian governments not to employ them after 1 April 1803, except in conformity with the resolutions.[197] Deserted by Addington, Dartmouth had to resign. Only Wellesley remained as a supporter of India-built shipping, and the *Third Report* of the Special Committee, published on 25 March 1802, opened the first volley of the offensive on him. It described him as a tool in the hands of the Calcutta agency houses like the Fairlies and charged him as well as Dundas for the phenomenal increase of the India debt, which had risen to £14,433,717 on 30 April 1800.

In 1801 Wellesley was indeed preoccupied with a huge debt, increasing by 2 crores every year. In May 1801, discount on 6 per cent paper rose to 20 per cent, on 8 per cent paper to 11¼ per cent, and on bonds to 11½ per cent. The 12 per cent notes were on par and the late 10 per cent decennial loans alone showed a premium of 3½ per cent.[198] Though land revenue had improved slightly, salt sales were not up to expectation, due to a combination among the dealers.[199] The indigo manufacturers were to be helped at the repeated requests of David Scott.[200] A second indigo crisis had resulted from 'high freights and insurance, scarcity of cash and high interest,' consequent upon war as well as bad seasons and upon eager competition between the Bengal and Oudh manufacturers.[201] In one of Fairlie's letters, soliciting government assistance, we learn that more than 50 lakhs had been invested in indigo manufacture.[202] The government could not stand by and see so much wealth destroyed with repercussions on its credit and opium sales. On top of this the 12 per cent treasury bills had to be redeemed and a full investment secured for England.

It took desperate measures. It resumed and extended the town duties, abolished in 1795. It re-established government customs at the increased rate of 3½ per cent on inland imports and exports at Calcutta, Hooghly, Murshidabad, Dacca, Chittagong, and Patna which had been discontinued since 1788.[203] Though a drawback on town duties was allowed on articles exported to England, they affected Bengal's trade with other foreign countries and, most of all, her internal trade. A new tax on distilled liquors manufactured outside Calcutta in the European manner was introduced. When no more than £50,000 in specie came from London, it was compelled to float an 8 per cent loan at a premium of 7 per cent and a 12 per cent loan for two years to absorb the treasury bills. It cut down the Bengal investment for 1801–2 and the indent for rice ordered by the Court in the previous year. Ultimately it took the same step as Shore had taken in 1798 to augment Bengal's financial resources: it forced the Nawab of Oudh 'to make a cession to the Company in perpetual sovereignty of such a portion of his territory as shall be fully adequate, in their present impoverished condition, to repay the expenses of the troops.'[204] The Doab, one of the richest provinces in the Vizier's dominions, which grew fine cotton in abundance, was

ceded in November 1801, and was placed under the charge of Wellesley's brother, Henry Wellesley.[205] It provided very welcome revenue. And its possession amounted to a strategic encirclement of the Nawab's territories.

Yet we find the Vice-president in Council informing the Court of a deficit of more than 1 crore in 1802-3 and a probable deficit of 2 crores in 1803-4. As the government did not anticipate a large supply of bullion from England, it opened another loan at 8 per cent. In spite of all the facilities given to the creditors, however, subscriptions to the sinking fund and the loans remained low. The Madras government in the grip of the unscrupulous British Bank, drew mercilessly on Bengal.[206] As Wellesley had not given effect to Dundas's plan for reduction of debt and had refused to carry out the Court's orders on reduction of military establishments,[207] dependence on bullion import grew more acute. Wellesley had to float a second loan at 8 per cent in August. He thought of placating the Court with an increase of investment in 1802–3 and of appeasing the creditors of the Company by withdrawing charges of illicit trade against the agency houses on lack of evidence.[208] He even permitted three of the latter's ships, employed in the Egyptian expedition, to proceed to England.[209] According to Wellesley, it was a great moderation of his earlier policy and if the final orders regarding private trade did not arrive in time, he would have to decide the case of other applicants for the same favour.

He did not have to wait for long. The Court's Commercial Despatch of 16 June 1802 contained these final orders. It laid down the basis of a 'final and satisfactory arrangement between the Company and those interested in the private trade.' Any amount of shipping would be made available to private traders for all goods save piece-goods (for which a special licence was necessary) and saltpetre. Ships for this purpose were to be built in India (six in India for 1803–4) or England, and the Company was to contract with the builders or owners for eight voyages. To ascertain the rate at which teak-built Indian ships were available, the government was to advertise for such ships as required, provided their freight did not exceed that of those lately contracted in England, i.e. £14 plus £3 if built during war, and other allowances. The government could also engage readybuilt ships for two or more voyages for this purpose pro-

vided their freight did not exceed the rate actually paid by the Company for such ships in the present season and provided they conformed to certain standards. These ships were to be re-let by the Company to such merchants as might be disposed to export or import Indian goods, charging according to the proportion fixed in 33 Geo. III Cap. 52. The Court confirmed the government's contract with ships taken up for the Red Sea expedition, provided they left Bengal and Madras before 30 April 1803, and Bombay before 31 July 1803.

The engagement of ships by permanent contract came into effect after April 1803. As a provisional aid to private trade and to encourage disposal of India-built ships, the Court permitted the hiring of properly equipped Indian ships between 300 and 600 tons for one voyage and which would then be sold in England. If in spite of all this there still remained a shortage of tonnage the government was to hire private ships for one voyage only. The residing Europeans in India were to be strictly controlled, and the agency houses were to be compelled to follow the regulations of 1793 in letter as well as in spirit. Wellesley had no way out of these comprehensive and clear instructions. The victory of monopoly was complete. Its vengeance was to follow soon.

It is evident from the story narrated above that India-built shipping was merely a symbol: the real issue behind it was the imperative necessity felt by the British merchants for free movement of British capital to and from India. They had to compete with the government for funds in the same limited capital market and naturally wanted to obtain an independent and abundant source of supply which would give them a flexibility to switch over from one field of investment to another. Increasing country trade also demanded larger capital.[210] They were, therefore, eager to get funds at low interest for investment in ships or country trade, indigo or sugar, whatever was profitable at the moment. When such speculations failed or were hindered by war or the Company's policy, they tried to lend the idle capital to the government at a high rate. Bereft of open facilities, they solved the problem of scarcity of capital by greater imports of merchandise from London, as they solved the problem of remittance by indulging in clandestine trade. The former could

be rendered profitable and the latter avoidable only if India-built ships were allowed.

An analysis of private trade with London during this period would clearly show the urgency of this problem. From 1796–7 to 1798–9 private traders imported from London S.R. 37,51,054 worth of merchandise and S.R. 13,09,481 worth of treasure. Imports of merchandise from London were about 24 per cent of the total imports of merchandise by private merchants from all parts of the world. In the next three years the demand for capital, caused by the Fourth Mysore War, prompted them to import a much larger quantity of merchandise from London—37 per cent of their total import of merchandise from all parts of the world. Unable to import bullion from London, they began to increase their import of precious metal from other parts of the world.[211] British manufacture and mining profited more and more by this change.[212] This was possible only because the manufacturers sold their goods to the agency houses on credit for long bills or for cash on high commission. To get the credit or the commission the agency houses had to import British manufactures into India. Use of India-built shipping could help it further.

The remittance of fortunes to London, through the medium of exports, encountered great difficulties and admitted of the same solution. In 1795–6 out of a total export of S.R. 2,04,50,131 in merchandise by private merchants, London had received only S.R. 84,08,800 or about 41 per cent. Indigo had been the staple export in private trade to London or the principal means of remittance of private fortunes. At the end of this period the total private exports in piece-goods rose, indigo declined due to two crises caused by war and over-speculation, sugar rose in comparison to 1795–6 but fell in comparison to 1799–1800, grain rose due to scarcity in England, silk went up by nearly 40 per cent and opium doubled. London's share of the exports increased to 42 per cent of the higher total.[213] The sale value of privilege and private goods went up.[214] But it was clear that if the private merchants were to reduce their remittance in indigo, they had to increase the exports of piece-goods, silk, sugar, and cotton which could not offer a reasonable remittance unless borne in cheaper vessels and produced on a large scale in the European manner. The first pointed to the use of India-built shipping and

the second to the need for capital import of which one medium was such shipping. That the mercantile community of Bengal was alive to the paramount necessity of capital investment in Indian raw materials like sugar is proved by the publication in Calcutta in this period of books like Thomas Law's *Sketch* and Colebrooke's *Remarks*.[215]

The Bengal government, too, wanted British capital badly to re-establish its credit and to bring down the prohibitive rates of interest. It would be able to draw cheaply to cover emergencies brought about by a forward policy in India and a continuous war in Europe. It found to its great discomfort that whenever trade was depressed or funds were needed by the private merchants on a short notice, they sold out their holdings of public securities at a rush. The private traders' stranglehold on public finance was greater at the end of the eighteenth century than in the days of Cornwallis. The declaration of the Permanent Settlement in 1793 created a new, secure, and respectable field of investment for native capital. Land values rose quickly. In 1795–6 lands were bought at revenue sales at more than fifteen years' purchase.[216] Rise of interest rates in the next two years, however, lowered the land values to 12–13 years' purchase in 1796–7 and 9½ years' purchase in 1797–8.[217] It fell still lower in the next two years when the government borrowed heavily for war (showing that quite a few of the zamindaries were bought and sold for speculative purposes and not with Cornwallis's noble aims in view).

The establishment of the sinking fund, import of British capital in consequence of Wellesley's trade policy, and the Court's bullion supply helped government credit and enabled it to lower interest to 8 per cent. The native capitalists once more took to investing in land, now that they were armed with summary powers of distraint, and in inland trade which, according to the Reporter of External Commerce, they soon monopolized.[218] This process was further facilitated by the Court's order to draw interest bills, which was beneficial to the Europeans alone. They now began to buy out the native holders of paper. H. St. George Tucker, the financial adviser of Wellesley, computed that the debt held by natives in Bengal on 31 January 1801 amounted to S.R. 1,89,45,000 while that held by the Europeans was S.R. 6,69,20,000.[219] Thus Wellesley, more than Cornwallis or Shore,

found it difficult not to oblige his European creditors and sought remedy in greater import of capital from England, preferably by the Court but, if that was accompanied by stringent conditions which fettered his freedom of action, by private individuals.

In the Court's view it had done enough to encourage British manufactures and improve Indian articles. The consignment of cloths to Bengal rose from 753 bales in 1794 to 1,354 bales in 1800 and that of metals remained steadily progressive.[220] Its imports from Bengal were fairly large during the period. The average sale value of Bengal piece-goods imported into England between 1794 and 1801 was £1,175,297, of Bengal raw silk, £335,409, and that of Bengal sugar imported between 1791 and 1799, £208,854.[221] Saltpetre imports average fifty to sixty thousand bags per year. Notwithstanding a trade crisis in England in 1793 and the rapid improvement of British textiles, the Company kept up an average investment of 66 lakhs of current rupees in the piece-goods of Bengal. It started throwing silk into organzine from 1794 to help Bengal raw silk which had been for some time falling in the London market.[222] It sent to India one Mr Paterson in 1792 and one Mr James Hanson Keene in 1794 to look after improvement of sugar and ordered Bengal to make regulations forbidding the landlords to increase rent on sugarcane-growing lands. It made repeated attempts to reduce the duty on sugar and continued to import it in spite of high freight.[223] Advances to indigo manufacturers were kept up till financial crises forced the Bengal government to stop them in 1796. But advances were renewed from 1800 by the Court's special orders. In 1793 the first experiment in Bengal jute, hemp, and sunn was made.[224] Though it was stopped in 1797 because of the weakness of the first two and the inferiority of the last to Russian hemp,[225] the Secret Committee's orders of 10 October and 4 December 1800 led to its revival. It was more and more clear, however, that fine piece-goods, particularly muslin, would not be able to withstand the products of machine[226] and sugar would suffer from a renewal of supply from the West Indies. In 1801 the indent for calicoes and cottons was increased to redress the balance of muslins and prohibited goods. Henceforth silk, indigo, and calicoes supported the Company's trade.

It was no good augury for the future, but during the period under review large sales at the India House gave comfort to the

Court and what Dundas and Wellesley called 'a delusion of prosperity.' The Court was, therefore, anxious to see the surplus revenue of Bengal, which lay at the core of large investments, fast dwindling into deficits under Wellesley's dispensation.[227] It refused to look at the other side of the balance sheet:

> We admit that considerable additions have of late been made to our resources by the subsidiary engagements entered into with the Nabob of Oude, the Nizam and with the Rajah of Mysore, yet if the augmentation of the expenses goes hand in hand with the additional resources which appears to us to be too much the case at present, the advantages of the Company by these engagements are at least problematical.[228]

It was still further irritated to see its commercial profits dissipated in what it thought unnecessary military adventures which never brought quick returns.

The Court failed to understand the strain of war on public finance. But we must remember that such understanding was not common before World War I. Nor can it be blamed for putting its commercial interests before its sovereign's obligations. Only men with great foresight and vision like Dundas, Scott, and Wellesley understood the logic of the assumption of sovereign power in India or were prepared to pay the inevitable price for its achievement. The Court could hardly realize that Bengal's resources were not great enough to meet the expenses of a continuous war, far less to provide as well supplies to the Company's settlements in India, Bencoolen, and China and investments for England. The bullion it sent and the bills it allowed on account of interest and the subscription plan were only a drop in the ocean.[229] The cost of war was shared between Bengal and the Company. The wars clearly brought to light the fundamental contradiction between the commercial and the imperial aspects of the Company.

Dundas and David Scott dreamt of an interdependent empire in which colonies and dependencies would contribute to the security and prosperity of the Mother Country but in return would obtain equal treatment among themselves and a preference against all outsiders. Free trade, or at least trade under

the least possible restrictions, would be the golden chain which linked India, the producer of raw materials, with Britain, the provider of manufactures, to the advantage of both but mostly to Britain. Dundas and Scott saw, though dimly, its possibilities as a weapon in the economic warfare against France. The Court of Directors, however, moved in its narrow groove of monopoly and was placidly complacent if its regular ships earned high freight and Bengal produced large surpluses for big investment. The Court neither understood the implications of free trade nor supported the course of action its implementation would inevitably entail. With reference to the stage of economic development in India and England and the framework of the East India Company's government, there could not be any better economic relations than that envisaged by Dundas and Scott. Public investment in and management of an industrial revolution in India was unthinkable. The Company sadly lacked capital for this. It was incompatible with its history, spirit, tradition, and organization and, if at all attempted, would have been prematurely crushed by the British manufacturing interest. An industrial revolution under private aegis would have meant the abolition of the Company's monopoly as well as of its sovereignty.

The opponents of the imperialism of Dundas and Scott could be found not only in the camp of the monopolists but also in the camp of the principal staple manufacturers of England who, together with the West Indies sugar interest, stalled all liberal customs reforms while shouting diatribes against monopoly. That the Company took up, in the words of Dr Spear, 'a plan for the regulation of economic life in India rather than a positive plan for the development of Indian resources'—an 'enabling rather than a mandatory plan'[230]—was due, on the one hand, to the blind and selfish interests of the monopolists and, on the other, to the equally blind and selfish interests of the British manufacturers and the colonial planters. To price of Indian articles already enhanced by charges, commissions, freight, and interest which remunerated the Company and its servants, contractors, and creditors, were added the duties which protected British textiles from Indian calicoes[231] and the West Indies planters from Indian sugar.[232] Moreover, the encouragement given to Indian raw materials was erratic and irregular and largely dependent on scarcity of supply from other quarters. It was war which created

a demand for Indian cotton, hemp, and sugar even though they were costlier than the produce of other countries. It was war, again, which gave India her monopoly in silk and indigo. Development of raw materials on a regular basis depended on the investment of British capital, the promulgation of free trade, and the introduction of cheap shipping.

What Dundas, Scott, and Wellesley failed to achieve could now be achieved only through the abolition of the Company's monopoly. The private traders realized this from their defeat in 1802 and bent all their energies to bring about the abolition at the next renewal of the Charter. In 1813 they could rely on the help of the cotton manufacturers of Lancashire, who were no longer afraid of Indian competition. They had increased their exports to the ports east of the Cape from a mere £156 in 1794 to £21,000 in 1801,[233] and expected to flood India with the products of their looms once the great enemy of free trade and the patron of Indian textiles was removed from the field.

# 3

# The End of the India Monopoly

In spite of difficulties and disappointments the private export trade from Bengal to London had phenomenally increased during the twenty years between 1777 and 1797. In 1777 it amounted to a mere s.r. 3,00,000 out of a total of s.r. 28,32,667 or a little more than 10 per cent. In 1787 it rose to s.r. 32,55,110 out of s.r. 74,84,281 or about 43 per cent, and in 1797 it rose still further to s.r. 69,71,521 out of s.r. 1,51,20,209 or over 45 per cent. The British merchants had a lion's share of the export trade by 1797, amounting to s.r. 91,97,619 or just below 61 per cent, while the rest was divided in the following way:

| Merchants | Amount (in s.r.) | per cent (approx.) |
|---|---|---|
| Americans | 24,48,000 | 16 |
| Portuguese | 9,02,000 | 6 |
| Armenians | 8,64,000 | 5.7 |
| French residents of Calcutta | 2,20,000 | |
| Danes | 1,52,000 | |
| Arabs | 2,96,000 | |
| Telinga merchants | 4,47,806 | |
| Bengali Hindus | 2,60,000 | |
| Muslims | 1,65,000 | |
| Parsees | 2,57,000[1] | |

Within two years, however, the picture was greatly changed. In 1799–1800 out of a total export of £3,500,000 the British held £1,600,000 or over 45 per cent and the others in the following manner:

| Merchants | Amount (£ sterling) | per cent |
|---|---|---|
| Americans | £500,000 | over 14 |
| Portuguese | £600,000 | over 17 |
| Danes | £300,000 | over 8 |
| Armenians | £150,000 | over 4 |
| Indians | £350,000 | 10[2] |

The share of the British had declined and clandestine trade through the foreign European states had increased conspicuously. Wellesley's liberal trade policy tried to rectify the situation in 1800 and 1801, but the Court's negative policy meant that the British traders' position might worsen in 1802.

The import trade from London did not flourish either, though its value had increased from S.R. 15,34,219 in 1797 to S.R. 48,54,070 in 1802. It was important not for its own sake but as for providing capital for the purchase of Indian articles or for investment in country shipping and trade. High prices of the imported British goods were beyond the means of Indians. Their demand was limited within the circle of the Europeans which, however, was expanding with the extension of the Company's civil and military services and there were greater numbers of Europeans who were free merchants or mariners, indigo or opium speculators. The import trade was a precarious trade based on commission or credit and these were not sufficient incentives without other advantages. Only the commanders and officers of the Company's ships, who got their privilege free, and the owners of the India-built ships, who did not have to pay freight, obtained some return and between them they had largely obviated the need for bullion export. The proportion of treasure to merchandise in the private import trade from London was 1:5 in 1797 and 1:4 in 1802. While other countries in Europe and America had been exporting more treasure than merchandise, Britain was already sending more than three-fourths of her exports in merchandise, that is, her own manufactures. If this advantage was to be clinched, the India-built shipping would have to be allowed to sail to England but, if the monopoly of the Company was to be safeguarded, the Company's investments to and from Britain would have to be generously enhanced.

The victory of the Shipping Interest in 1802 meant that the India-built shipping could not be sent to England and it brought about a crisis in the mercantile and shipping world of Bengal. Between 1781 and 1800 no less than thirty-five ships had been built at Calcutta, totalling 17,020 tons. In 1801 and 1802 alone, under Wellesley's policy of encouragement another twenty-nine ships of 14,535 tons had been added. The Court's letter of 16 June 1802, however, pricked the balloon of this speculation. Between 1803 and 1806 an average of 3,774 tons were constructed

per year, just sufficient for the expanding country trade and also as replacement of old ships.[3] No tenders were offered in 1803 for building ships according to the stringent terms laid down by the Court.[4] Advertisement for ready-built ships for two or more voyages met with the same fate. Two ships were offered at £14 per ton in response to a call for tender of ready-built ships for one voyage to London on condition of being sold there. The government rejected them as their demand exceeded £11, the maximum freight to England fixed by the Court.[5]

The private traders had to look elsewhere for remittance of their fast growing income from military contracts, opium trade, and government securities. The Fairlies had monopolized the elephant, bullock, and victualling contracts of the Bengal army.[6] They were also the agents of one Andrew Kelso who got the contract for army clothing.[7] Fortification contracts went to Lambert and Ross.[8] The private traders prospered with the boom and high interest rates on war loans brought about by Wellesley's wars. The largest source of profit, however, was the country trade in opium. From 1802 opium was king. Exports to China leapt up from S.R. 38,64,597 in 1802–3 to S.R. 70,79,641 in 1805–6, of which S.R. 32,94,370 was in opium. Exports to Penang showed the same tendency, rising from S.R. 19,78,098 in 1803–4 to S.R. 34,80,416 in 1805–6, of which S.R. 21,25,209 was in opium. The average exports to the coast of Sumatra rose from S.R. 3,84,714 during 1800–2 to S.R. 5,25,935 during 1803–5, opium supplying S.R. 3,20,748 to a total of S.R. 493,901 in 1805–6.[9]

When war and high freight prevented this profit from being carried to London after 1803,[10] the private capitalists tried to remit them through the European and American channels.[11] The excess of the Portuguese exports over imports in 1803 and 1804 was S.R. 11,96,735 and that of the Danish exports over imports in these years, excluding the very considerable trade of Serampore, amounted to S.R. 8,02,724. Between 1795 and 1802 the Americans exported on the average S.R. 39,65,450. In 1803–4 the exports exceeded this average by S.R. 27,94,608 or almost 70 per cent. The Americans were abusing their neutral position since the renewal of the Anglo-French War in 1803 and transgressing the provisions of the loosely worded Jay Treaty. The *Harmony* and the *Astrea* cleared from London, giving a false destination

outside the Company's Charter limits, and cleared for America from Calcutta but were captured while exchanging goods on the coast of Malaya.[12] The *Brigantine Hazard* was captured carrying goods for the Dutch East India Company.[13] Though the Americans began to import more into Calcutta than they exported from 1804, it did not mean the end of their clandestine trade. They only shifted their scene of operation to Bombay from where came news of their extensive trade in cotton and Java sugar. It will not be wrong to suppose that some part of the excess of exports over imports in the coastal trade of this period found its way to England through the Americans.[14] They even appeared in the Mediterranean.[15] British trade was so much affected that Lord Castlereagh, the President of the India Board, had to ask for immediate formulation of regulations for checking the American interlopers and had to consider imposition of duties on exports from India in foreign vessels.[16] Messrs Fairlie, Gilmore & Co.'s name was again mentioned in this connection. The Court wanted to know why they had been allowed to remove 440 bales of piece-goods lying in the godowns of Serampore to Calcutta if they did not really own them.[17]

The government itself offered the private capitalists a more lucrative field of investment than indigo and a safer medium of remittance than the neutral channels. By 1801 the greater part of the public loans, contracted since 1798 for the prosecution of war, had been transferred to European hands. This was possible not merely because the loans were floated at a high rate of interest but because they possessed certain other alluring conditions which attracted the Europeans more than the opulent natives. Before 1798 transfer of the principal of the India debt through bills was restricted by the Charter Act to £500,000 per year at 1*s.* 11*d.* Uncertain of the amount as well as the time of arrival of bullion from England, Wellesley found himself compelled to make further concessions to the European capitalists in order to finance his wars with France and Tipu Sultan. Decennial loans were floated in 1798 and 1799 which not only tied the hands of the government for ten years but provided for the transfer of the principal by bills at 15 months date at 2*s.* 6*d.* per sicca rupee.[18] The first 8 per cent loan, floated in 1799, promised to pay interest in bills (but the principal in India) while the second 8 per cent of 1800 promised both interest and

the principal in bills. None of these was payable without 18 months' previous notice and not until the old registered debt had been paid off. From 1800 a series of optional loans were floated at 8 per cent, the holders of which could not ask for a previous notice, as in the case of the first and second 8 per cent loans but could demand bills on account of interest and the principal at any time.[19]

The private capitalists could ask for no better terms than these which assured them a handy and profitable investment, marketable at a premium whenever needed in India, and readily remittable to England when the medium of trade ceased to be profitable. The decennial loans provided a field for long-term investment and the optional loans were as good as liquid capital. Between 1798 and 1803 over £6 million were obtained in such loans. Everybody in Calcutta was happy. The Court alone received the news with a premonition of future troubles which could arise from large unexpected demands on the home funds, and urged the Bengal government to avoid them.[20] The admonition fell on deaf ears, for Wellesley had already started the Second Maratha War in August 1803 and, throwing caution to the winds (and ignoring a harassed Court which he hated openly), had begun to advertise for optional loans in quick succession.

The exigencies of the Indian governments not only proved a windfall to the private merchants but also thwarted the plan for liquidation of the India debt that was originally put forward by Dundas, adopted by Castlereagh, and modified in consultations with the Court. We have seen earlier how Dundas had been harping on the theme of the India debt for quite a while in his correspondence with the Court and Wellesley. Wellesley gave a prior importance to military security and considered the investment[21] or the India debt secondary.[22] Not convinced by his arguments and despairing of pushing through any military retrenchment, Dundas went back to his earlier plan of debt-transfer. In his last budget speech of 12 June 1801 he detailed this plan and left it as his legacy to his successor at the India Board, Lord Castlereagh, who thought the Peace of Amiens to be the opportune moment for it. Interest on the India debt had increased from £400,252 to £1,350,000 between 1795 and 1801 and it was a great drag on the surplus revenues and the investment.[23] During three years ending in 1794–5, supplies available for commercial purposes in

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India were on the average £1,350,000 per year. In the year ending 30 April 1801 there was a total deficiency of £1,093,961. The Charter Act's presupposition that £1 million would be available from the Indian surplus revenues for commercial purposes had completely fallen through, and the Company had to confront any future emergency with £18½ million of debt and half a million of revenue deficit.[24] The remittance plan of 1785, 1787, and 1793 had failed since 1798. Only £4,288 was subscribed in 1802–3, and none at all in 1803–4.[25]

The main proposal of Dundas and Castlereagh was that, a sinking fund being a novelty in India and too tedious in operation, the India debt could best be transferred by means of additional investments which would be purchased with bullion sent from England where it would be purchased with funds raised from loans. Bills on the Court would cover any deficiency of funds sent from home.[26] The Company, they thought, should be relieved of at least £10 million of debt in five years, £2 million a year, and should be able to resume payment to the British government according to the terms of the Charter. To achieve this, £1 million would be raised from the net proceeds of the Company's London sales on an investment of £4 million in India and China (to which the net surplus Indian revenue would contribute £1 million) while the other million would be borrowed in England at 5 per cent.

The Court, under the chairmanship of Jacob Bosanquet, a City banker, had other views about the increase of debt:

> Unless you can contrive to cut down our Army establishment, and curtail other expenses so as to give us a clear surplus of at least £500,000 to £600,000 per annum, I shall despair of doing anything effectual for the real improvement of the Company's situation.[27]

He considered Castlereagh's plan too inflexible to be adapted to the circumstances, and even unwarranted.[28] Bosanquet considered it more practical to leave the surplus in India for the discharge of debt, to provide in Europe for the purchase of an annual investment of £4 million by means of bullion, goods, stores, and bills, to appropriate the surplus arising from extended sales in Britain either for purchase of silver or for payment of addi-

tional bills, and to act on the plan experimentally for two years. In other words, Bosanquet fundamentally differed from Castlereagh. He provided for the *liquidation* of one million where Castlereagh provided for that of two and he depended on territorial surplus for it, that is, ordinary resources, and not on extraordinary funds brought in by additions to the capital stock or bonds which Castlereagh suggested. He was loath to touch the capital stock of the Company with £4½ million of bills hanging on the Company's head.[29]

Castlereagh challenged his review of trade and his analysis of the profit and loss account. The Company's commercial profit had never been higher than 13½ per cent, which was earned in 1802–3.[30] There had been a clear territorial surplus of £3,281,500 'after paying all charges, many even of a description upon which a considerable doubt may be raised . . . particularly the charge of a considerable proportion of the interest.' This surplus, 'if not applied to territory, it is equally natural to suppose has been absorbed by commerce.'[31] He was inclined to think that 'the capital of the Company as subscribed, even with the usual proportion of bonds in circulation, has not been sufficient . . . for the purposes of their trade'[32] and that extension of the capital stock to liquidate two millions instead of one million of debt per year was urgently called for in view of the repercussions of a new war on a narrow money-market.[33] In all this he followed Dundas closely and, as Professor Philips suggests, for very much the same motive (that is, to increase the financial embarrassments of the Company in order the better to control it),[34] and he complained to Dundas about Bosanquet's obstructive tactics.[35]

His review of the situation was much more correct than Bosanquet's. Bosanquet committed innumerable contradictions in his correspondence with Wellesley. In the very same breath he complained of deficits produced by war and offered panegyrics on military force: 'we owe our safety to the Sword, not to parchments, and we ought to look to that which has carried us through our difficulty.'[36] His unequivocal orders for retrenchment were followed by warnings of the French designs and admonitions 'to keep a watchful eye upon every mode of access to India . . .'[37] Though unsound in devising the solution as a whole, Castlereagh was sounder on the problem of the India debt. He did not mini-

*mize it, nor did he ascribe its increase solely to territorial deficits.* Calling upon the Company to increase its commercial capital, he showed his grasp of economic realities. A commercial company, which had most of its capital locked up in dead stock and could little rely on a surplus revenue in times of war, had no other way of increasing investment up to £4 million than through India debt.

The compromise plan of debt-redemption, sent to India in June 1803, aimed at tying down the hands of a too independent governor-general. Indignant at Wellesley's policy on private trade, his expenses on account of the Fort William College and the Government House at Calcutta, and his loans to indigo manufacturers,[38] the Court was loath to trust him with dearly borrowed money. John Roberts, the Chairman of the year, repeatedly emphasized that the provision of an investment of £4 million was to take precedence of all applications of funds, and the sums obtained for bills drawn on the investment account should be exclusively used for that purpose.[39] For such further sums as would be required for a discharge of £2 million of debt per year the government was permitted to draw bills on the Court, but the bills on account of investment and the bills on account of debt should not exceed the difference between the value of exported goods, stores, and bullion and the sum of £5 million. Moreover, they should cover bills on account of the principal of the decennial loans and the principal and interest of the remittable loans taken since 1800.[40]

Surprisingly enough, the plan was made on the hypothesis of peace prevailing during its operation, trade retaining its old vitality, and facilities for bullion purchase remaining unimpaired. Even before the despatch was sent, John Roberts wrote about the closure of the European market by Napoleon,[41] and Bosanquet expressed his regret for the inadequate supply of bullion. The latter further advised preparations for the next French attack.[42] He was rightly afraid that, with the renewal of war with France, a great part of the bullion sent in 1803–4 (£1,700,000) would be diverted to military purposes on the coast.[43] Next year only £700,000 could be sent in bullion. Meanwhile, the war with the Marathas was in full swing, and the resources of the State were being severely taxed. The creditors in these circumstances saw their chance of defeating the plan

of debt transfer which they considered less profitable. They wanted a transfer in their own time and on their own terms and as the exigencies of direct or circuitous commerce dictated. Between 1800 and 1805, they remitted from Bengal alone C.R. 1,65,27,824, mostly in interest bills. But for the time being they wanted to retain their principal in India to obtain a difference of 3 per cent in interest, provided they also obtained the option to transfer the principal at any time. In the midst of his Maratha wars Wellesley had to accept their terms.

By 1800 the final victory over Tipu and treaties with the rulers of the Carnatic and Tanjore had left the Company in virtual control of the entire peninsula south of the Maratha states. When the Nawab of Oudh ceded the districts lying on the eastern, southern, and western borders of his kingdom in commutation of his subsidy (by the Treaty of 20 November 1801), the Company's territorial possessions ranged on three sides of the large and chaotic Maratha empire—torn by incessant internecine strife and wild power politics. Wellesley considered the Maratha territories an anomaly, a source of constant danger to the security of his provinces and a hothouse for the French intrigues in India. The Treaty of Bassein with the Peshwa on 31 December 1802, and the supplementary treaty, which followed on 16 December 1803, not only brought the head of the Maratha confederacy into the subsidiary system of Wellesley but added Bundelkhand to his acquisitions from Oudh. It was not unnatural for the restive Daulat Rao Sindhia to draw the only possible conclusion. Less 'like a moth that long buzzes round a candle and at last blindly rushes into the flame only to destroy itself'[44] but more like a fish, instinctively trying to break through the inexorable net closing in on all sides, Sindhia and, then, Holkar tried to break through the subsidiary system which threatened to enmesh the political independence of the Mughal succession states. They failed because they lacked economic and psychological resources to withstand the strain of prolonged warfare. When even the Company's finances with all the resources of a mighty industrial nation were wellnigh broken, it was idle to expect a predatory economy like that of the Marathas to survive, far less to win, the unequal struggle. Moreover, 'a union of hearts between Sindhia and Holkar, which alone could threaten danger to the

British Power and disturbance to the British protectorate of Haidarabad, was an impossibility.'[45]

War was declared against Sindhia in August 1803 but the preparations began as early as May 1802,[46] in a period of flourishing revenues in Bengal. The average sale price of opium had reached the unprecedented height of S.R. 1,377 per chest[47] and that of salt was S.R. 387 per 100 maunds.[48] The Bengal investment for 1802–3 was about S.R. 90,00,000, exclusive of that from the Ceded Provinces,[49] in spite of large supplies to Madras and Canton.[50] All government securities, issued since 1801, bore premium and the discount on the old securities did not exceed 1½ per cent. The premium payable by the subscribers to the new loan of 1803 (to absorb the 12 per cent paper redeemable at the end of the year) was raised from 2 per cent to 4 per cent.[51] The government was capable of exploiting the accumulated capital of the private merchants which 'cannot be estimated at an amount inferior to sixty or seventy lacks of rupees . . .'[52] and which was unable to find its way to England due to stagnation of trade.

The pressure of war, however, worked in the opposite direction. The premium on 10 per cent loans fell from 7½ per cent in June to ½ per cent in October 1803 and on the new 8 per cent loans from 3 per cent to 1½ per cent. The premium on old loans was entirely extinguished.[53] The agency houses in Madras, specially Chase, Chinnery and Macdowal, tried to take advantage of this situation by proposing to supply 7 lakhs of pagodas annually for six years repayable by bills on the Court at 10*s.* 3*d.*[54] Though this was rejected by the Governor-General, a huge deficit in Bombay and Madras had to be made good. Another loan was floated in October 1803 at the reduced premium. The surplus revenue began to fall,[55] and the debt began to rise rapidly, almost a crore and a half being added in 1803–4.[56] The investment was kept up partly by high profits of the salt and opium monopolies and partly by loans.[57]

Not that victory came late. Arthur Wellesley (later the Duke of Wellington) defeated the combined armies of Sindhia and Bhonsle at Assaye in September and at Argaon in November and forced the latter to sign the Treaty of Deogaon on 15 December. Under its terms Cuttack was ceded to the Company and Bhonsle accepted the subsidiary alliance. Lake's army won

an equally decisive victory in the Laswari campaign, forcing Sindhia to sign the Treaty of Surji Arjungaon on 30 December 1803 whereby he ceded to the East India Company all his territories and rights in the Ganga-Jamuna Doab and the forts of Broach and Ahmadnagar. He agreed to abide by the arbitration of the Company in his disputes with the Peshwa, renounced all claims upon the Emperor Shah Alam II, and engaged never to take in his service any European or British-Indian subject without the consent of the British. Within five months of the commencement of the Second Maratha War Wellesley seemed to have gained his objective. He had destroyed beyond redemption 'the French State now formed on the bank of the Jamuna.' He had bewildered his critics in Britain, the most vehement of whom was Bosanquet and the most vacillating, Castlereagh.[58]

This *fait accompli* temporarily saved the political situation in England but could not avert the financial impasse in India. The army was never completely withdrawn from the field, and at the beginning of 1804–5 war was declared on Holkar. Marine charges were added to rapidly increasing military charges,[59] when commerce (and opium revenue) had to be protected from Admiral Linois's fleet that was prowling in the Indian ocean. In spite of the additional resources of the provinces conquered from the Marathas,[60] Bengal revenues did not increase as salt and opium sales were affected, the former because of a fall in price[61] and the latter in reaction to excessive exports to the eastern market for several years combined with losses inflicted by the French privateers. The government had again to fall back on loans at 10 per cent for two years without any premium at all,[62] the Nawab Vizier of Oudh had to be persuaded to offer a 'voluntary' loan of 30 lakhs without interest,[63] and the European investment for 1804–5 was curtailed to 60 lakhs.[64] On 30 April 1805 Bengal debt bearing interest stood at S.R. 13,36,65,940, an increase of 3 crores in two years.

The war with Holkar came to an end in December 1805, five months after Wellesley had handed over charge to Lord Cornwallis. The Court had been pressing for his recall for a long time, and Pitt's ministry, in power since early May 1804, could not but agree to spare it further acts of arrogance and insubordination. Wellesley knew that his attitude towards private trade had earned him the implacable hatred of the Court.[65] Though

he studiously denied any undue influence of the Bengal merchants,[66] the Court was not to be weaned from its conviction of his complicity with them and it followed all his measures with a settled bias. Scott informed him that the Court was fulminating against the Fort William College because of its resentment over private trade.[67] He was prepared to go as early as 1802 but only his sense of an unaccomplished mission made him stay on to put Indian finances in order. The President of the India Board requested him to do so after Scott and Dundas intervened in his favour.[68] But Castlereagh's term was one of half measures, and the Court kept the Board under its influence.[69] The Maratha war came hotly on the heel of the Treaty of Bassein, almost as Bosanquet had predicted. The plan of debt transfer was disrupted, finance was once again strained for what seemed to be an unnecessary military adventure, and commerce was left without support. Financially and commercially, the result was too disastrous for the Company to permit Wellesley to continue as the steward of the Indian Empire.

In return for an average annual export of £2,004,260 in bullion, goods, stores, and bills, the Court received from India an average investment of £1,406,900 during 1798–1805.[70] There had been no surplus revenue in India since 1797 except in 1802, and in 1805 the deficit stood at £2,268,608. The total India debt had increased, meanwhile, from £11 million to over £28 million. It was not unnatural for the Court to refuse to see with Wellesley prosperity around the corner of the next military triumph.[71] The extension of the empire would have to either justify itself in terms of larger investments and larger dividends or be given up as a ruinous luxury.

In spite of the Company's vigorous efforts to revive its monopoly, larger investments were not forthcoming. In 1802 the defeat of the private traders seemed to be a good augury for the future, especially as it occurred during the lull of the Peace of Amiens, which was supposed to deprive the Americans of their advantages of neutrality. The Company tried, therefore, to recapture the British silk market from Italian competition and to renew its large muslin export to France. The prospect of calicoes was not bad either, the British cotton industry being still unable to made stout cloth as cheaply as the Indian, mainly because of the lower labour costs in India. Repeated orders went out to

Bengal to raise the investments in piece-goods and raw silk.[72] A similar attempt was made to monopolize the cotton market of China with the bountiful produce promised from the newly Ceded Provinces.[73] Even sunn and hemp were retained.[74] Bengal was forbidden to assist indigo manufacture at the cost of raw silk investment.[75]

Yet the Court did not succeed. Between 1803 and 1805 the returns from India and China fetched only £5,714,812 per year on average.[76] The Court put the blame on extensive private import of piece-goods and raw silk of debased quality.[77] It is true that the indigo crisis of the early years of the nineteenth century forced the private traders to invest in piece-goods and raw silk with inevitable repercussions on the Company's sales. But their trade in piece-goods began to decline from 1803. They were not solely responsible for the Company's failure to revive its monopoly. With the renewal of war in 1803, the main precondition of success was gone. The Americans again began to exploit the situation created by the war, the French government became more vigilant against British imports, and the advance of British manufacture did the rest. With the aid of West Indies cotton, Manchester had cheapened production by 20 to 30 per cent. It was now able to produce finer cotton goods which had a demand in Paris or Versailles.[78] With great dismay the Court reduced its indent for Indian piece-goods from 66 lakhs in 1802 to 45 lakhs in 1806. Napoleon's Berlin decree of 21 November 1806, the series of countervailing British Orders in Council, which started on 7 January 1807, and the retaliatory Milan decree of 1807 sealed the Company's re-export market finally.[79] The Court had fallen between Napoleon and Lancashire and, chary of relying on raw silk alone for its remittance from India, which an impecunious Bengal government could hardly procure to the amount of the indent,[80] took up indigo from 1806.[81] The agency houses in Calcutta, who financed the extensive indigo manufacture of Bengal, could breathe again.[82]

Lord Cornwallis was sent in 1805 to wind up Wellesley's Maratha war as well as to recoup the Company's finance and commerce as he once had done in 1788. The latter seemed to be the graver problem and the new Governor-General found it the harder to tackle in view of the renewal of war with Sindhia, who had been emboldened by Monson's debacle in Rajputana

and Lake's stalemate before Bharatpur. Regular troops were in arrears for five months, the commissariat for still more, and to pay them, the irregular troops would have to be disbanded. He had to call for treasure from Madras and detain treasure destined for China. The extensive opium trade with China was now sufficient to provide the supercargoes with funds.[83] This was, however, received too late to enable the timely despatch of ships to England,[84] and Cornwallis himself died in October on his way to the front.

Sir George Barlow, Wellesley's Vice-President in Council, and suspected by the Court to have toed his line on private trade, took over on 10 October 1805. Barlow and Lake tried immediately to secure an honourable peace after which a prompt reduction in expenses of the irregular troops could be effected.[85] In an endeavour to re-establish himself in the Court's confidence, Barlow reduced the expenses of the Fort William College, abolished certain posts and the commercial residencies of Bareilly and Etawah, laid up the gunboats, closed the Company's press, and retrenched the Church and the Botanical Garden establishments.[86] Salt revenue was to be increased by larger sales (addition of the Maratha salt province of Cuttack made this possible) and by more stringent regulations against smuggling.[87] Opium prices, which had fallen from S.R. 1,963 per chest in 1803 to S.R. 1,510 in 1804 due to the competition of Gujarat opium, were to be restored.[88]

In spite of Barlow's 'determined spirit of penury,' the surplus revenue of Bengal fell to C.R. 61,04,720, and the investment for 1805–6 could not exceed 60 lakhs.[89] A liberal supply of bullion from England, a biennial loan at 10 per cent in October 1805, and the end of war could not save him from a deficiency of nearly 2 crores in 1806–7.[90] In March 1806 discount on 6 per cent paper was 7½ per cent, on the old 8 per cent it was 2 per cent, on new 8 per cent under 1 per cent and on treasury bills 2½ per cent. Only the 10 per cent biennial loans showed a small premium.[91]

The government proposed three measures to bolster up its credit—the import of more bullion from England, the floating of an 8 per cent loan and 10 per cent treasury notes to absorb the discredited treasury bills, and the establishment of a bank

at Calcutta. The bank would be 'of the greatest service to the commercial interests of this presidency' and would

> afford the most essential aid to all the financial operations of this Government, by defeating the measures and combinations to which the numerous individuals at this Presidency, who possess an extensive command of money, invariably resort, for the depreciation of public securities, whenever an opportunity is afforded to them for that purpose, by the pressure of public or private distress.[92]

What Barlow aimed at was an apparent reassertion of the Company's interests against the agency houses' interests. He was playing for safety after Wellesley's blatant championship of the private traders' cause. No doubt his government needed bullion badly. For the first time since 1793 Bengal had suffered a deficit of C.R. 13,16,770.[93] Madras was still under the clutches of the agency houses who had been exacting all sorts of concessions (like permission to convert the 8 per cent paper to a 10 per cent loan and to transfer the latter to Bengal or England). Bombay allowed Forbes & Co. and Bruce, Fawcett & Co. to do the same; issued treasury bills at 9½ per cent with 2 per cent premium, and reduced the freight of the China ships to accommodate the private cotton traders.[94] Madras and Bombay had to be saved, and the Indian deficit of £3,152,322, which was mainly caused by military charges, made up. It was true, again, that payments in discredited treasury bills led to a loss on exchange and an advance in the cost of the investment. But the import of bullion or the discontinuance of treasury bills or the establishment of a bank was going to help the private capitalists more. Apart from speculation, the exigencies of foreign trade and indigo manufacture often forced the agency houses to sell public securities on a large scale which caused their depreciation, and the Company's servants, who had invested in them, incurred heavy losses thereby. Import of bullion and the establishment of a bank would obviate the necessity for sale of public securities at a loss. The bank would afford the agency houses easy credit while the proposed issue of treasury notes would offer a field of investment for the capital which had been accumulating due to stagnation of trade with Europe and America. Withdrawal of the discre-

dited treasury bills would lead to appreciation of such notes and save the agency houses from acceptance of interest or price of indigo in a depreciating paper.[95] Barlow and Wellesley pursued the same end, only their means differed, and Barlow was more tactful.

The arrival of bullion in July 1806 enabled the government to bring securities to par and discharge the Oudh debt.[96] But the disbursements were so great again that Bengal could not increase her investment beyond 67 lakhs in 1806–7.[97] Though measures were taken to disband the irregular troops and reduce pensions, debt had to be enhanced by S.R. 2,19,60,102, mainly by the issue of treasury notes at 10 per cent and a loan at 8 per cent.[98] Ten per cent notes and loans alone totalled S.R. 3,45,19,000 and some sort of funding at a lower rate of interest was absolutely imperative if finance was to be stabilized and investment maintained at the old level in future.[99]

The government began funding its 10 per cent debt at 8 per cent by opening an 8 per cent loan at 3 per cent discount—allowing subscription of the 10 per cent notes and loans at par. As further inducement it allowed 10 per cent interest up to November 1807, granted interest bills on the Court at 2*s.* 6*d.* at six months' sight and bills for the principal at twelve months' sight. To facilitate this operation, interest on the treasury notes was reduced to 8 per cent and the investment was stopped till, at its end, one of 50 lakhs was somehow scraped.[100]

This optional loan, floated against the positive orders of the Court,[101] enabled Barlow to fund the huge floating debt of Bengal; but the second biennial loan (of 1805) could not be absorbed as expected.[102] When he tried to fund this with supplies from Canton, Madras, and Bombay and another 8 per cent loan, the creditors, who looked askance at this funding business (which reduced the rate of interest and hence their margin of profit),[103] exacted again the option to transfer the principal to England at the still further reduced sight of three months.[104] Bengal had brought down the rate of interest, got rid of most of her floating debt and a part of the principal of bond debt. She had nearly stabilized her tottering credit. But all this was achieved at the cost of the home finances. We soon find the bills coming home to roost and starting something like a chain reaction which ended in the abolition of the India monopoly.

Gilbert Elliot, the first Earl of Minto, succeeded Sir George Barlow in 1807. His assumption of power coincided with the Peace of Tilsit between Napoleon and the Tsar of Russia. The establishment of peace between Russia and France roused only more the apprehension of an overland French invasion of India through Persia. The time was not propitious enough for securing a revenue surplus of £1 million. Nor did Minto see in Barlow's policy of retrenchment the remedy of the financial ailment. He was convinced that 'retrenchment of civil establishments, though not to be neglected, can afford no supply adequate to the great object of meeting the general exigency of the Company's financial situation'[105] and that further reduction of emoluments 'would have the effect of countenancing abusive profits.'[106] Secondly, war with France, even with the limited objective of reducing the Portuguese and the Dutch Settlements, could not be financed without supplies from England.[107] The task would be insuperable if preparations to resist the overland French invasion were added. He warned the Court that, 'pending a French invasion of India, no surplus but, on the contrary, a great increase of debt is to be expected and provided for.' This was not India's fault. 'It is to disasters of Europe, to battles in Poland, to the peace of Tilsit, that the necessity of waging a burthensome war in India must be traced.' The increased military and durbar charges had to be met,[108] and the decennial loan of about two crores in Bengal to be paid off in 1808 and 1809. As Minto wrote:

> We can provide for our own contests by our own resources, but the contests of the empire can not be maintained by one of its provinces, for, although Asia may become the field of battle, the war is purely European. The quarrel is European, the war is waged for European interests; and it is proportioned in its extent, and therefore in its charge to the resources of two great empires and not to the limited and circumscribed means of the East India Company's territorial possessions.[109]

Minto suggested extension of free trade[110] for a long-term remedy. Unfortunately, however, trade with the West declined markedly from 1807 and the decline degenerated into a depression in 1808.[111] There were several causes for this decline.

Private exports from Bengal, of which indigo formed the largest part before 1800, could not bear 'high freights, long outlays and heavy expenses . . .'.[112] The Calcutta merchants complained of high freights charged by the Company, and similar complaints were made by the agency houses in England before the Commons Committee on East India Affairs in 1809.[113] According to them, the Company raised the rate of extra ships from £14 per ton to £22.10*s*. in 1805 and 1806 and enforced it retrospectively. Secondly, the extra ships were not sent in proper seasons, and merchants were compelled to accept tonnage on the regular ships in 1805–6 at £44. In 1807 the extra ships failed to appear again, and regular ships were offered at £30.10*s*. Insurance had to be made upon ship or ships from India instead of upon a particular ship carrying the goods insured. All this had resulted in decline of trade with London.[114] The Company's policy of exclusion, moreover, hampered private investment in raw silk.[115]

The Court found no difficulty in showing that it was really war which occasioned high freight and the irregularity of voyages.[116] Who were the people like William Fairlie, it indignantly asked, to challenge its policy when they themselves demanded £19 in 1803 and £21 in 1804 for the India-built ships and, as directors of insurance companies, mulcted the private traders? In fact, the Continental System of Napoleon, which restricted the Company's exports since 1806, also restricted the private exports to London. Improvement of British cotton manufacture affected both equally adversely.

Foiled in their attempt to drive a profitable trade with London, the private merchants turned to foreign trade—with little success. Trade with Copenhagen showed an excess of exports in one year only, 1806, and, after the seizure of Serampore at the outbreak of war with Denmark in 1808, it petered out. Trade with Batavia and the Isle of France, clandestinely conducted under the Danish flag, could not be continued. The Portuguese imported more in each year until Napoleon's invasion of the Iberian Peninsula stopped their direct trade altogether. Trade with Manila, monopolized by them in recent years, met with the same fate. The American trade had been considerably curtailed in 1807, and Jefferson's embargo caused a complete stoppage in 1808. Finally, the general pattern of trade with foreign countries had undergone a significant change.

It was no longer financed by private remittance. On the contrary, it seemed to have been made the medium of capital import in recent years, after the Court had virtually banned the India-built shipping.[117] It is not difficult to see the reason behind this change. As the government demands had denuded the Bengal money-market of funds, the agency houses, unable to afford such high rates of interest, looked towards import of capital through the foreign channels.

It was this aspect of Bengal's foreign trade which raised a controversy between Charles Grant, who represented the monopoly interest, and Francis Baring, who represented the City interest. The Court objected to the American trade in Eastern goods in the West Indies,[118] the American import of Turkish opium into China,[119] and the American attempts to monopolize the carrying trade in the Eastern seas and the coastal and country trade of India.[120] It proposed prohibition of all except direct trade and enhancement of duties on Indian articles.[121] Francis Baring opposed these proposals as based on 'the narrow principles of a haberdasher's shop.' Apprehending the loss of his American purchasers of India and China bills and the stoppage of an avenue of capital-export, Baring condemned the talk of countervailing duties, which might be frustrated by France opening the European ports, and would be untenable in peace-time. If the Company attributed superiority to the American vessels and asked for facilities to compete with them, '. . . what conclusion will be drawn? That the disability arises from our constitution, that for British subjects to have a fair chance, the trade must be thrown open? . . . Is it not commercially speaking unanswerable?'[122] When Charles Grant accused the Americans of using more capital lately to capture the India trade,[123] Baring attacked him as '. . . in 1793 the advocate of private trade, against the Company, in 1801 maintaining the cause of the Company and foreign trade against private individuals, and in 1807 arguing for private traders against foreign nations.'[124] The contradiction between a commercial monopoly, which thrived on restrictions on capital movement, and the City interest, which thrived on profitable movement of capital, was emerging.

In 1807 the monopolists had the upper hand and the Court sent a despatch to India strictly prohibiting any but direct trade of the Americans.[125] In 1808 it ordered an imposition of double

duties on foreign vessels.[126] The Bengal government had other ideas, however. Nothing was done regarding customs charges until the Court reaffirmed its orders on 28 March 1810.[127] It was not before 1811 that the new customs regulations could affect American trade. But, owing to the outbreak of the Anglo-American War, they were of little avail. In one sense the American trade in these years was some help to the Company, for it carried a portion of the private remittance which might otherwise have been demanded in bills.

The private capitalists had failed to expand export trade to London and had failed alike to utilize the medium of European and American trade. Ultimately, they fell back on the remittance of the principal of the optional loans. In the earlier period they remitted only the interest: 'Not a lakh of rupees of the principal of such loans had been transferred to England from 1801 to 1805 though the lenders obtained a good exchange rate.'[128] Due to a difference in the interest rates prevailing in England (usually 5 per cent) and India (usually 9 to 10 per cent) it was more profitable to retain the principal in India and remit the interest in bills.[129] In 1807 a conjunction of two causes conspired to change the situation. One was anxiety over the French invasion and the other was stagnation of trade. The funding operations of Barlow and Minto precipitated the change by narrowing down the margin of difference between the Indian and the British interest rates—at a time when the exigencies of large capital exports from England, caused by war expenditure of the British government, were forcing up the interest rate in the London money-market.[130] All these circumstances led to a hectic transfer of the principal of the decennial and optional loans, which threatened to swamp the Court with a flood of bills.

The Court had ordered the Bengal government to stop floating optional loans[131] and to retain as much of the principal in India as possible, 'for the present state of Europe, which in a manner unprecedented, obstructs the vent of the Company's Indian investment, renders it more than ever essential to the convenience of our affairs at home, that no extraordinary pressure on account of the Indian debts should come upon us.'[132] Minto, however, proceeded with the funding of the decennial loans and the old

registered debt with a new 8 per cent loan without option which further hastened the consequences feared by the Court.

Minto did so with the best of all intentions. He had plenty of money at his disposal. Bengal revenue had produced a smaller surplus in 1808 than in the previous year but amounted to C.R. 1,91,75,340, and the revenue deficit in India amounted to only £26,042. The government's credit was so high that it could reduce exchange to 2*s.* 4*d.*[133] There was such an abundance of capital in Bengal, rising from the profits of opium and coastal trade and seeking fruitful investment, that the Bank of Bengal reduced its rate of interest from 10 per cent to 9 per cent.[134] In these circumstances Minto hoped to absorb the burdensome optional loans into one consolidated debt which involved payment of the principal in India alone. This would take a great load off the Court's back. Naturally he had to start with the funding of the decennial loans and give notice of payment to the first and second optional loans before he could tackle those taken since 1800.[135] As the registered debt could be subscribed to the new loan at 5 per cent discount, it was very quickly absorbed. The decennial loans, accepted at par, took a little more time as they earned a higher interest. The principal of the India debt was reduced by more than a crore in this process.[136] But the creditors took fright and began to demand transfer of the principal of the optional loans by bills. Between May 1808 and March 1809 about £3 million of the India debt was transferred in this way.[137]

The debt transfer did not suit the Company's home finance which had been showing deficits since 1806. As W. Ramsay, Secretary to the Court, explained, the Company had sent out £2,712,526 more in goods, stores, and bullion between 1803 and 1806 than in the three preceding years and had met an additional home charge of £2,191,497 between 1799 and 1807 while its sales had fallen off by £3,268,671 between 1803 and 1806. The Indian investment fetched only £1,309,497 in 1807–8.[138] It met the deficit in 1806 out of £1 million paid by the British government towards its account with the Company. In 1807 Parliament empowered it to raise bond debts by £2 million. In 1808 the deficit in Britain rose to £4 million, and similar deficits were apprehended in the next two years due to the pressure of the transferred India debt.[139] As the directors

were unwilling to increase capital stock and the public clamour was high, Robert Dundas, son of Henry Dundas, the first Lord Melville, who had succeeded Tierney at the India Board had to appoint a Select Committee in 1809 to review the Company's affairs and report on its petition for assistance. The government, meanwhile, paid £1½ million more towards its account with the Company. In return the Directors agreed to allow direct trade between Africa and North and South America, and also between the Cape, New South Wales, and Ceylon.

The Select Committee published five reports between 1808 and 1812. According to the *Second Report,* in the seventeen years since 1792 the excess of charges over revenues, after defraying interest upon debt, amounted to £4,987,676. To this the ordinary charges of the Board of Trade and the commercial establishments which were not added to the invoice price of Indian goods and amounted to another £3,056,251, must be added. The rapid growth of military charges in this period, particularly between 1796 and 1801 and between 1802 and 1805, had been primarily responsible for such deficit.

This sum of £8,043,927 must have been provided by extraordinary resources, that is, aggregate produce of the supplies from England and loans raised in India. The Select Committee was here confronted with the fundamental difficulty of separating the political from the commercial concerns in order to apportion the debts between them:

> till it shall be clearly ascertained that the supplies from the Home Treasury to India and China were derived from sources purely commercial—the question of a distinct view of the proportion of the Indian debt which is to be termed political or commercial, must remain undecided.

The *Third Report* made a tentative calculation according to which supplies to India during this period amounted to £43,808,341 and supplies from India to England £42,178,640—leaving a balance of £1,629,701 in favour of England.[140] Actual extraordinary receipts in India in goods, stores, and so on, amounted to £31,404,230, and £20,905,194 was raised on credit. The actual extraordinary disbursements amounted to £43,794,623.[141] There was a total defalcation of £12,606,528

in India. These were partly made up of political charges (which should be debited against England whose imperial interests created them). Secondly, commercial charges not added to invoice (which should be debited against the Company's commerce) were also included in this sum. Thirdly, advances on account of Ceylon and other places not included in the Indian charges (which ought to be repaid by the British government) were added. Fourthly, payments to the private creditors of Arcot (the nature of which was always dubious)[142] formed the remainder of the amount.

The *Fourth Report* contains a review of the Company's operations in Britain, a profit and loss account of the India and China trade, and an analysis of the causes of the present deficit and distress. The average sale proceeds of Indian goods between 1793 and 1809 amounted to £2,637,746 per year. Deducting the average cost and charges—£2,328,185—the average profit on the India trade amounted to £309,561 per year.[143] The average annual profit on the China trade had been £981,932 but it had been much less affected by the contingencies of war. The net deficit of the Company's concerns in Britain and abroad amounted to £11,020,566, after £2,219,715 had been advanced from the Company's commercial profits.[144]

An examination of this forest of statistics results in a view that is none too favourable to the Company's claim to the India monopoly. It had earned on the India trade an average mercantile profit of £156,639, which was negligible. The China trade, which was partly an indirect remittance trade from India, was profitable enough to enable it to contribute a sum of £2,219,715 towards the territorial deficits. The Company was unable to meet its obligations through the medium of commerce and had to appeal for public assistance each year since 1806. One must remember, however, that the period was one of continuous war in India and Europe, which caused unprecedented expenditure, upset estimates of investments and sale receipts, and ultimately unloosened the avalanche of the transferred India debt.[145]

The advance of private trade, which did not have to bear so much strain, was naturally remarkable. From 1793 to 1809 the sale produce of privilege and private goods amounted to £33,991,256, of which the privilege trade from India per Charter Act of 1793 amounted to £21,035,573.[146] Total tonnage

supplied to individuals was 21,743 tons outward and 70,444 tons to Britain besides private trade in India-built shipping which went up to 56,780 tons.[147] The outward tonnage demanded since 1803 had been 20,277 tons which was a striking evidence of the growing export of British manufactures to India. The homeward tonnage had also increased to an average of 5,030 tons per year.

Even more remarkable was the benefit to the Empire as a whole. While the people of India and China received about £46 million spent on the investment, the return thereof together with the private fortunes sent through the medium of commerce, the amount of duties received by the State and of profits received by the manufacturers led to the diffusion of no less than £185,960,000 in the circulation of the Empire or about £10,900,000 per annum.[148]

Let us see what Bengal paid for this. Her total surplus revenues in this period, after defraying interest on debt, were £29,315,979. Goods, bullion, bills, and so on, from England accounted for another £17,360,651. Barring loans, her ordinary and extra-ordinary receipts amounted to £46,676,639. Her disbursements on investment and supplies to the presidencies amounted to £45,884,059.[149] The receipts and disbursements almost tally if the debts are struck off, and the increase of dead stock, and so on, are taken into account. Why then was there the enormous loan of £14,150,256 in seventeen years?[150] It was because, over and above her own expenses, she had been bearing all the expenses of wars, expeditions, and maintenance of the occupied territories, and she had been sending supplies to Canton and the outlying settlements and even relieving the other presidencies of a large part of their burdensome loans at an unfavourable exchange. It is not easy to envisage the British government or the Company maintaining such a large standing army in the East or working out their war strategy so smoothly without the resources of Bengal. Bereft of such resources, other foreign governments failed miserably. But to achieve this end, her future revenues had to be mortgaged. She was held in ransom by the European creditors of the Company.

Bengal had to provide for the remittance of not only the income from such loans[151] but of the private fortunes which arose from other sources like savings from official salaries,[152] profits of shipping or docks,[153] income from indigo manufacture,[154] and from

rental of houses owned by the Europeans in Calcutta, which alone amounted to 20 lakhs per year,[155] as well as profits of the country and coastal trade. The demand for transfer of the principal of the India debt proved to be the last straw. Even persons, who were not holders of the public securities, found it necessary to purchase them from the resident creditors with a view to exchange them for bills on England. But as general trade with Europe and America stagnated it became gradually impossible for Bengal to remit such vast obligations through the medium of her produce.

It was not the Court alone which had been hit by the transfer of capital. The agency houses, which conducted business mostly on borrowed capital and lived on the margin of difference between what they gave for money and what they got for it, felt the pinch as capital flowed away from Bengal. The government, solicitous for their interest, continued to bank with the Bank of Bengal much against the Court's desire.[156] The names of A. Colvin, John Palmer, and J. Alexander in the list of the directors of the bank point out that it was established with their interests in mind. The government suggested that the Court could ease its situation by acceptance of bullion from the Americans, the Spanish Americans, and the Portuguese in return for bills on Bengal. If England had demand on Bengal and Bengal had a favourable balance with America, Lisbon and Brazil, this could be easily done (as was being done in the triangular trade between England, India and China). Convinced that the Court would accept its advice, the government did not hesitate to draw bills on account of the principal of the India debt to the extent of £2,292,606 in 1809–10.[157]

The Court faced this soon after the Company had lost 14 ships valued at about £2 million.[158] The Indian investment of £1,425,928 could not meet such a huge deficit. With her surplus revenue reduced to C.R. 1,72,00,690, for which Minto made the expenses on the Persian mission responsible,[159] Bengal contributed about 85 lakhs of sicca rupees to the investment.[160] The Court had itself reduced the piece-goods indent to 22 lakhs[161] but though it had increased the indent for indigo from 10 lakhs to 20 lakhs[162] and desired as much silk as could be obtained,[163] the Bengal government sent a much smaller amount of indigo, as its price had been unusually forced up by private competi-

tion,[164] and held out little hope of quickly augmenting the supply of silk.[165] As a gesture of goodwill to the cotton manufacturers, hit by the American embargo, but more in a blind search for a suitable medium of remittance, the Court ordered cotton on its own account. Here too Bengal failed because of difficulties of procuring fine cotton.[166]

The Court's attitude was to some extent influenced by the private traders' reaction to the Company's attempts to revive its monopoly. While favouring the Company's purchase of indigo,[167] the traders looked askance at its attempt to monopolize silk.[168] They thought it should 'better leave those (cotton) speculations to us poor Bengalese'[169] and criticized its investment in inferior cloth. Opium was too sacred to be touched, and, when the Court ordered its Canton servants not to do agency work for private opium traders or when the British navy occupied Macao, there was an uproar among the agency houses.[170] Like them, the government frankly avowed that the channel of trade no longer afforded remittance to the Company, and that the traders should be provided with facilities either for taking country ships to London or for sending goods indirectly through the Americans. Thus private remittance, now demanded in bills, could be diverted. In short, the Court was advised to give up its monopoly to its sworn rivals.

Ironically enough, the Court ordered large investments in 1810–11 partly to make up the losses of 1808–9 and partly to recapture trade from the Americans during the continuance of the embargo.[171] It still regarded the commercial channel adequate for all remittances—public and private. It blamed the agency houses for hectic transfer of the India debt[172] and exhorted the government to become the sole agent of the non-resident creditors. The American trade now showed too little excess of exports to be absorbed in England, and the Company could not hawk around its Bengal bills in New York or Lisbon. The only way to recover the damage done by war and the pressure of bills was to send an enlarged investment or, if that was impossible, to send bullion.[173]

Four events, two commercial and two financial in nature, not only denied the Court the fulfilment of this dream but greatly added to its burden. Firstly, there was a revival of the American competition. Secondly, there were further funding operations.

Thirdly, large sums of money were spent on the expedition to the French Islands in 1810 and to Java in 1811. Finally, there was a trade depression in England.

To increase its surplus revenue the Bengal government introduced new customs regulations, which badly hampered internal trade and hurt the indigenous traders, but it could not come up with the investment that had been ordered. As debt bills were scarcely available[174] and indigo gave 2*s*. 6*d*. per sicca rupee, where other bills fetched only 2*s*. 4*d*.,[175] the price of indigo went high, which American competition and low production increased further.[176] Cloth prices rose by 35 per cent and silk had been almost monopolized by the Company.[177] Nor could bullion be sent to any appreciable extent,[178] as Bombay required it to facilitate her funding operations and Canton, itself in trouble, could send little.[179] Even this small exertion to increase customs charges incensed the agency houses.[180]

They were further enraged by the successful attempt of the government to fund the optional debt by opening an 8 per cent loan on 1 September 1810. To prevent interest bills, they were made payable at a premium of 2 per cent. Moreover, the government devised a plan to reduce interest on the registered debt from 8 per cent to 6 per cent and on treasury notes from 6 per cent to 4 per cent. To induce the creditors, 8 per cent was allowed up to 30 June 1811, interest was made payable in bills at 12 months' date and a hope was held out that a part of the principal might be made transferable in future. The optional debt was thus largely funded and interest on £5 million at least was reduced to 6 per cent.[180a] But this measure led to a transfer of S.R. 4,79,12,755 of the principal of the India debt. The agency houses were furious. John Palmer gave a piece of his mind on 'the trickish conversion of the 8 per cent into a 6 per cent loan: that the Ct. [the Court] knew, approved and sanctioned the measure I am satisfied, in spight [*sic*] of pretended ignorance and disavowal. . .'[181]

Though the agency houses had been demanding the conquest of Mauritius since 1808,[182] the financial effects of Minto's expeditions to Mauritius in 1810 and to Java in 1811 were hardly to their benefit. The former destroyed the nest of French privateers which preyed on the country ships (and took a heavy toll of Indiamen in 1809), and the latter forestalled Napoleon's plan

to make Java the base of future maritime operations against British commerce in the China seas. But they cost £7 million. This sum together with the regular exodus of a large amount of capital on the debt account for several years created a great scarcity in the Bengal money-market. Speculative commercial adventures to Mauritius and Java accentuated it further and soon the rate of interest among private traders reached 12 per cent. Indigo prices soared, trade became dull from 1811 onwards, and the Anglo-American War put a stop to the only considerable foreign channel of remittance.[183] In response to the peremptory demands of their European constituents, the agency houses began to sell out securities which were consequently depressed.[184] To preserve their value as well as to maintain salt and opium revenues, the government offered a loan of 25 lakhs to the agency houses, allowed some transfer of capital, and asked for the Court's permission for further transfer.[185] When the Court castigated the government for its unfulfilled promises to send bullion and ordered one million in specie forthwith,[186] the latter relieved the British treasury by floating a 6 per cent loan, reserving the option to grant transfer. Bullion was sent, and the year's Indian investment amounted to £1,693,397, but the amount of bills on the Court reached S.R. 1,04,09,593.[187]

Meanwhile, England had entered a period of trade depression. The South American boom had burst and with it had ceased speculative import of commodities from India. Napoleon's men were more stringently enforcing the Continental System and the countervailing Orders in Council worsened the situation. The Anglo-American War deepened the crisis in 1812. The Court's expectation of a bigger investment and a larger sale could not materialize. The indent for piece-goods was further reduced,[188] sugar had to be discontinued and cotton altogether dropped. The Court now depended solely on silk and indigo and for some time thought of erecting its own indigo factories.[189] But though the government sent about 40 lakhs worth of silk and resumed its saltpetre monopoly, it sent little indigo.[190] Bullion worth 42 lakhs was sent to Bengal but was a veritable drop in the ocean.[191]

Lord Minto was recalled in 1812. In May 1809 he had promised to send one million in specie in each of the three following years, and on that basis the Court had accepted more than four millions of India debt. Not only had he failed to keep his pro-

mise but he had increased the Court's burden further—the last time for the avowed reason of relieving the private traders' distress.[192] He had no backing from any political party in England and had collided with Robert Dundas over many questions of policy, particularly over the mission of Harford Jones to Persia. He had made himself unpopular with the powerful body of the Company's creditors by his policy of debt-funding.[193] As Wellesley had recognized to his discomfiture that import of private capital and remittance of private profits were concerns of the Indian government, Minto found himself to be in a similar position. The dilemma was apparent to the Indian government, if not to the Court, that either it must assist private remittance through the channel of private trade (as Wellesley did) or it must allow private remittance through the transfer of the India debt (as Minto did), in each case affecting the Company's British operations deeply. The only way out under the circumstances was a surrender of the India monopoly. Continuation of the Napoleonic Wars and the exigencies of imperial expansion in India had left no other alternative before the Company. The private traders had been clamouring for it for a long while. With the trade depression of 1810–1 the manufacturing interest and the shipping interests of the outports joined them.

Parliament was pestered with hundreds of petitions from all parts of the country demanding abolition of the Company's monopoly. Glasgow referred to the American bid to capture all trade between the East and the West and considered confinement of trade to London unnecessary, unjust, and impolitic.[194] Liverpool dwelt on the distress caused by the stoppage of Anglo-American trade which had more than halved her exports between 1810 and 1811, rendered her ships idle, and affected her salt trade.[195] Paisley, Kirkeldy, and Kilmarnock asserted the Company's lack of capital for conducting India trade while England had plenty of surplus capital seeking new fields of investment.[196] Birmingham complained of distress among metal workers and made a plea for a market for British iron and steel manufactures,[197] which was supported by the iron masters of Sheffield and Shropshire. Petitions from the woollen manufacturers of Gloucester, Exeter, and Leeds[198] were followed by those from silk manufacturers.[199] The Cornish tinmine owners pressed for an annual purchase of 1,200 tons of tin at a higher price by the Company.[200]

Duly disturbed by this agitation, the Court, already in the throes of Charter negotiations, appointed a deputation on 9 April 1812 to confer with the ministry. It also unleashed a spate of counterpetitions and pamphlets which eloquently argued for the preservation of its exclusive privileges.[201] The formal protest came in a letter to the Duke of Buckinghamshire, the successor of Lord Melville in the Perceval cabinet, on 15 April 1812. The Court sarcastically referred to the free trade pamphlets where

> little is said about the advantages to be derived from adventures to the unexplored parts of India, and the objects likely to be most warmly contended for are not new accessions of commerce to the nation, but a transfer of much of those branches of trade, already carried on by the Company in London, to individuals in the outports.

The Court argued that if all ports were opened and ships of small burden allowed, there would be a great deal of smuggling, public revenue would be jeopardized, and private sale would always anticipate the Company's sales, particularly injuring cotton and silk manufacturers of England. Loss of the India trade and withdrawal of restrictions on country and coastal trade would 'leave the China monopoly so insulated and unsupported as to bring that also at length to its fall.'[202]

It is interesting to note that the Company was trying to inflame the Indian country trade interest, which was opposed to the introduction of British vessels, and to hold up the bogey of Indian textiles before the Lancashire manufacturers. Poor Charles Grant still pretended that the monopolist's arguments of his *Observations* of 1800 would suffice in the second decade of the nineteenth century when the British manufacturers had beaten their Indian rivals in the cost of production. He was naive enough to hope that the country traders would forget their debacle of 1802. The Court was no longer united, nor had it the same bargaining power. While begging the Ministry for a loan of £2½ million,[203] it committed the audacity of refusing Buckinghamshire's terms of 19 April 1812. The Ministry proposed to maintain the Company's China monopoly in tea but to throw open trade in other China goods, if procured in India, and to permit private ships to clear out from any port in Britain but to import into

those ports which possesed the warehousing system.[204] The tone that was adopted in the General Court of 5 May 1812 by Randle Jackson and others was definitely defiant, which ill befitted a suppliant.

Not content with petitioning Parliament and publishing pamphlets,[205] different manufacturing and commercial bodies in Britain sent a deputation to London which appointed a committee to meet and canvass the ministers in the spring of 1812.[206] This committee (of which K. Finley, the cotton manufacturer, was a prominent member) met Perceval and Buckinghamshire on 12 May 1812 and was assured that the Prime Minister had previously approved Buckinghamshire's attitude towards the opening of outports, that the principal ports would surely be opened, and the licensing of private traders would not be left solely to the option of the Court. The committee hoped that the minimum burden of vessels would be fixed considerably below 400 tons and prayed that the China trade, intimately connected with the Indian and South American trade, should be opened too. The ministers could not agree to the last item.[207]

When the assassination of Perceval threw matters into confusion in 1812, this committee, apprehensive of the late defiant tone of the Company and of a possible change in the political weather, reflected that 'His Majesty's ministers are surrounded by their commercial enemies, and by all manner of flatterers and deceivers, the never failing attendants of ministers, and of Kings, whilst they themselves are far removed from all opportunities of advocating their own cause.' They even threatened the government that if it failed to fulfil promises, '. . . all their utmost exertions will be required in the painful and momentous contest in which they must be engaged.'[208]

When the Secret Committee of the Court, after finding the Liverpool Ministry adamant on the question of outports, passed open resolutions against such a proposal on 18 December 1812, the Committee of Liverpool Merchants, which continued agitation on behalf of outports, began to pour petitions on the new Parliament.[209] It invited deputations from all outports and commercial towns to London

> there to co-operate with other deputies in concentrating the weight and influence of the mercantile, manufacturing and

> trading interest of the United Kingdom, unanimously, firmly, and respectfully directing their joint efforts in support of their just claims.

The Chairman of the committee stated in no uncertain terms that

> the concession of a free trade to India alone and not to China, will be considered by the merchants and manufacturers as a nugatory measure, in as much as it will continue to the Company the power of opposing innumerable obstacles to the trade with India itself, and the islands adjacent. . . .[210]

The idle shipping of Liverpool and Bristol wanted a share of the still considerable coastal and country trade of India.[211] The Edinburgh Chamber of Commerce sent similar resolutions to Liverpool on 14 January.

Lord Liverpool, who had formed the ministry after Perceval's assassination, toyed with the idea of transferring all political power from the Company without rousing any suspicion of the Indian people 'that there was any intention of making any considerable change in the system of Government' or any outcry that the Charter was being violated or the patronage of the Crown increased. India trade would be thrown open and China trade would be put under the control of a consul. Revenues were to be transferred to the Crown along with India debts. Rights of the Company as a joint stock concern were to be subjected to a commission established by Parliament which would judge all pecuniary claims.[212]

Liverpool confessed that the plan was anomalous and wanted it to remain so. But Buckinghamshire opposed parts of it[213] and soon the greater preoccupation with Napoleon put an end to these academic discussions which seemed to imply too dangerous an innovation at the moment. Buckinghamshire's correspondence with the Court give dark hints of such deliberations. When the latter tried to repeat some of its old arguments, he frankly threatened,

> it will be for Parliament to determine, whether the Nation is, in this respect, without an alternative; or whether, if a

> change of system should be rendered necessary by the decision of the East India Company, measures might not be taken for opening the trade, and at the same time providing such an administration of the Government of India, as might be found compatible with the interest and security of the British constitution.[214]

With Hume alone defending Buckinghamshire's proposals in the India House debates, the Court tried to take its stand on its services to the British manufacturing class.[215] It was a boomerang, for, the private traders could make an equal, if not a greater claim.[216] When Castlereagh presented eleven resolutions of the government to the House of Commons on the proposed terms of the new Charter, the Court decided to call evidence on the impossibility of augmenting British exports to India. It is no wonder that the evidence adduced by the Company's witnesses before the Select Committee (which sat from 27 April 1813) corroborated the official point of view. Warren Hastings, Lord Teignmouth, Sir Thomas Munro, Sir John Malcolm, William Cowper, and Thomas Graham—all servants or ex-servants of the Company—spoke in unison of the insurmountable difficulties of extending the sale of British manufacture in India because of the native inhabitants' lack of purchasing power, simplicity of taste, and religious prejudices. Even Wellesley, who had once been so vocal in the cause of British manufacture and considered free trade to be the 'open sesame' for the Indian market, asked the House of Lords 'to take into their consideration the products, manners, habits, and customs of the natives of India,' and declaimed that 'a free and unrestrained trade with India, therefore, would be most injurious to our manufacture by inundating the country with the Indian piece-goods.' Hastings had tried to push British goods into Bhutan and Tibet, Shore into Nepal, and Wellesley into the Ceded Provinces—with no perceptible success. William Fairlie, the doyen of British Indian merchants, attributed the recent increase of export to a rise in the European population.

Even if there was a will to buy British goods, the means were sadly lacking. The scale of remuneration of ordinary labourers, and hence their purchasing power, had not improved during the British rule. According to William Cowper, wages of a labourer in Chittagong were about 3*s*. and in Calcutta about 5*s*. to 6*s*. a

month in 1788.[217] It was so when Graham left Bengal in 1808.[218] The labourers engaged by the Europeans got a little more,—*7s. 6d.*,[219] and those engaged by the indigo planters, still more, from 10*s.* to 15*s.*[220] According to John Stracey, who left India in 1805, a labourer got 3*s.* 9*d.* a month in Mymensingh, 5*s.* in Tirhoot, 7*s.* 6*d.* in Doab, and 3*s.* 6*d.* in Dacca.[221]

Moreover, the economic policy of the State had dictated the Company's import policy and often deflected it from the proper course. Silk was encouraged during the war with Italy, corn during the war with America.[222] Its policy of protection depressed imports further. When, thus circumstanced, the Company fared badly in trade, all blame was put on its monopoly: 'They branded it with the name of monopoly, and armed with the authority of Dr Adam Smith, they declared all monopolies to be mischievous, and with that of Thomas Paine, to be contrary to the imprescriptible rights of man.'[223]

Pamphlets, petitions, and letters of the contending parties reveal many self-contradictions. Merchants and manufacturers were more moved by their individual hardships and immediate interests than by any economic theory, though they paid all respects at the altar of Adam Smith. Thus, while the woollen manufacturers of Cornwall, Devon, and Somerset (who got their contracts from the Company) wanted the monopoly to remain, their brothers-in-trade from Exeter, Leeds, Aberdeen, and Wiltshire wanted it to go. The shipbuilders and dockers of London did not see eye to eye with their fellow professionals of Liverpool. Merchants of London and Glasgow did not share a common notion of the inherent birthright of the British subjects. The free traders showed great solicitude for the welfare of the Indian people, but their ideas of freedom did not extend to permitting the export of machinery to India. The London and Yarmouth shipbuilders differed on the eligibility of the outports but not on the harmfulness of the India-built shipping.[224]

The Court contradicted itself on several issues. It wrote to Dundas on 13 January 1809 that India trade was unprofitable; on 29 April 1812 it thought otherwise. It attacked American trade in 1807 as detrimental to the Company's interest but defended the same in 1812 and 1813. In the same breath it claimed to have extended the sale of British manufacturers in India and asserted the impossibility of doing so in future. The

evidence before the Select Committee seemed to belie the facts. The value of British exports to India had risen from £774,063 in 1792 to £2,095,422 in 1811 (a bad year) and that of cotton manufacture alone from £165 to £107,306.[225] It was idle to point out that the balance of the Company's unsold imports into Bengal between 1801 and 1807 amounted to S.R. 23,68,000[226] or to emphasize the decline of American trade since 1811.[227] No tortuous logic could explain away a favour to the Americans which was denied to fellow countrymen in distress.

The evidence before the Select Committee did not change the mind of the ministry and when the Chairs met Liverpool, Castlereagh, and Buckinghamshire on 31 May and 10 June 1813, the latter asked the Company not to use its powers to cramp private trade by carrying on a losing trade of remittance: 'they would not have the experiment of a free trade interrupted, or, as it was expressed overlayed [*sic*] by the weight of the capital of a great Company.' When the Chairs wanted monopoly in some staple article like raw silk or piece-goods, they turned it down as unfair. On 15 July the Court recommended closing on the government's terms, particularly because it was afraid of a worse dispensation from the Opposition led by the Grenville Whigs.[228] The resolutions were discussed and passed in June. On the second reading of the Charter the Canningites tried to shorten the China monopoly by ten years but failed. On the third reading Thornton tried to make bills payable in England fall on territorial instead of on commercial funds and thus indirectly to withdraw a great part of the commercial funds from the control of the Board. He failed, too. On 13 July the bill was passed, and the East India Company lost its historic India monopoly.

The new Charter re-invested the Company with exclusive trade with China for another twenty years, terminable after three years' notice by Parliament after 10 April 1831. Trade to and from India and other places within the Charter limits except China was thrown open after 10 April 1814, save in military stores. Private ships, not below 350 tons, would be cleared and permitted to import into places in the United Kingdom specified by Order in Council. These would only be allowed to go to the principal settlements of the Company anywhere between the Indus and Malacca unless they had special licences from the

Court, the granting of which, however, was made subject to the control of the Board. The Court would grant licences to the principal settlements as a matter of course. When the Court refused permission to persons to proceed to the East Indies, their applications were to be transmitted to the Board which had overruling powers and could grant certificates. But to prevent colonization, governments in India might declare certificates and licences void, if the grantees seemed to have forfeited their claims to protection, and might not sanction residence to the British subjects without the authority of the Court. If they traded or occupied immovable property outside ten miles of the presidency towns, they would be subject to local jurisdiction and must procure certificates of permission from the government. To protect British silk and cotton manufacture, no articles manufactured of silk, hair, or cotton, or any mixture thereof, imported from the Company's territories, were to be entered into or taken out of any port save London, except for re-exportation. No customs duties imposed by the governments in India were valid unless sanctioned by the Court and approved by the Board. The Company and private traders were authorized to employ India-built ships until 1 August 1814.

The territorial and commercial accounts were to be entirely separated. Revenues arising from the territorial acquisitions were to be applied to the maintenance of the army, payment of interest on the India debt, expenses of establishments, and liquidation of the territorial or bond debt. If the India debt was payable in England, provision should be made by consignment of appropriate remittances to England. A sum equal to the actual disbursement from commercial funds at home on account of the territorial charges (minus commercial charges and charges of commercial establishments defrayed in India) was to be applied in India to procure the investment or remittance. All commercial profits were to be applied to the payment of bills of exchange, debts except the principal of bond debts and dividends, and to the reduction of the India debt or home bond debt. Profits, in England except on certain occasions, were not liable for the payment of the territorial charges until the dividend had been provided for. If home funds, after payment of dividends, were insufficient to discharge bills drawn on account of interest of the

existing India debt, the deficiency was to be made up as Parliament directed.

A similar deficiency of commercial profits for payment of dividends was to be made up from surplus territorial revenues after payment of charges and interest. When the principal of the debt-bearing interest in India would be reduced to £10 million and that of the bond debt in England to £3 million, then and thereafter, surplus proceeds of the territory and commerce, after providing for the above payments, should be applied to the more speedy payment of £2 million lent to the Company in 1812. Any further surplus was to be paid to the Exchequer to form a Guarantee Fund, not exceeding £12 million, for the capital stock and dividend, and if there were a still further surplus, one-sixth of it would belong to the Company and the rest to the government. But if debts went beyond £10 million in India and £3 million in England, surplus proceeds were to be appropriated for their reduction.

In terms of actual commercial profit the loss of the India monopoly meant little. Even considered as a channel of remittance, it had already been facing great hardship. The cotton manufacture of India, the foundation of the Company's commercial prosperity for centuries, was tottering on its last legs. The indent for Bengal piece-goods declined in the first decade of the nineteenth century rapidly, from 66 lakhs of sicca rupees in 1803–4 to 20 lakhs in 1813. The muslins were the hardest hit. In 1803, 163,220 pieces were ordered; in 1813, only 11,385. The indent for calicoes was just halved and that for the prohibited goods fell to one-third.[229] Dacca received a paltry order worth Rs 20,000. Indigo prices were very high after 1809. Silk was the only major article which could return a profitable remittance. But as we have seen, the Bengal government could seldom supply the quantity wanted, though it had almost monopolized the silk production of Bengal. Cotton was out of the question after the restoration of peace with America. Even the speculation of 1809–10 had failed because of a sudden resumption of trade with that country. Towards the end of the first decade of the nineteenth century bullion was being remitted from Bengal.

The financial aspect of the loss of monopoly was not as bleak as it looked. With the end of war in Europe and maintenance of a strictly pacific policy in India, the Company hoped to regain

its lost equilibrium. At first sight the separation of the territorial and commercial accounts seemed to preclude it from using territorial revenues for the investment in India, as the end of monopoly, by affecting its sales, seemed to lower its chances of securing adequate funds in London. On further analysis it will be seen that the commercial profits of the Company were no longer liable for any territorial payment until dividends were paid, and if in any year the fund for dividends fell short, the surplus territorial income of the preceding year was to make good the deficiency. The Company was, moreover, not to be left to depend on a casual surplus of its territorial income for the purchase of its investment. The deficits of 1798–1801 and 1803–1808 had shown how precarious this source was. It was stipulated in the new Charter that a sum not less than the amount of the territorial charges paid in England, which exceeded £1 million, should be paid yearly out of the territorial revenues for the investment. This not only secured the investment but took off the burden of the territorial charges from commercial funds at home.[230]

Whether the amount, earmarked for the investment, was to provide for the territorial charges or for the annual payments of the India debt, would be decided by the Court. The government promised aid if the Company in any year failed to discharge its obligations regarding the India debt. Thus the Company gained more certainty in the matters of the dividend, the investment, and the payment of the territorial charges and the transferred India debt. This cost it a trade monopoly, which had ceased to be profitable, and it also lost its freedom to mix up the territorial and commercial accounts which, whatever the Court might say, did not always help the territory.

The Charter of 1813 recognized a *fait accompli.* In spite of war (or because of it), the percentage of Bengal's private trade with London had surpassed that of her private trade with other quarters save China (and that also in exports).[231] Its stagnation forced the merchants to seek remittance through bills on the Court. The latter medium was never very profitable to the capitalists who lost the difference of interest between India and England, and it hit the slender resources of the agency houses hard. Naturally they wanted resumption of remittance through the normal channels of trade and avidly engrossed the share of

the Americans when war broke out between England and America in 1812. But the Company with its inexorable monopoly was still there. So long as the private merchants were unable to increase Indian produce by increased investment of capital and to carry it to London in their own shipping, so long as they were debarred from dealing freely in articles like silk or from bargaining openly for land and labour for their extensive indigo manufacture,[232] they could not rest content.

It is clear, however, that there was a greater pressure on the monopoly from England than from India in 1813. While established houses like the Palmers apprehended a chaotic competition in banking and indigo business once the trade was free,[233] large shipping concerns like the Fairlies had much to fear from an invasion by British shipping on their close preserve of carrying country and coastal trade. The Lancashire manufacturer, who now produced cotton yarn more cheaply than the Indian spinner, and the shipowners and merchants of the outports, who wanted to redeem the loss of the American and Continental trade, formed the spearhead of attack in 1813, though the Indian agency houses had prepared the soil beforehand. In 1812 No. 40 yarn cost 2*s*. 6*d*. per lb. in England and 3*s*. 7*d*. in India, while No. 60 yarn cost 3*s*. 6*d*. per lb. in England and 6*s*. in India.[234] Productive capacity of the English mills had been greatly enhanced by the improvements of the loom by Horrocks in 1803, 1805, and 1813, the discovery of the mule machine by James Boulton in 1805, and a wider use of power. The dyeing methods were improved by James Thompson in 1813. Armed with these new technological weapons the distressed traders of Bristol and Liverpool, Manchester and Paisley were impatient to forge ahead. It would not be untrue to say that they were also tempted by the rapidly growing country trade with China, Penang, the Gulfs and the Coasts which only the Europeans, resident in India, could so long exploit. The newly acquired French and Dutch islands held out further possibilities of speculation.

The East India Company was not the only one to be sacrificed in 1813. The abolition of the India monopoly had a revolutionary effect on the traditional pattern of trade between India and the West. As the commercial monopoly of the Company succumbed to the much stronger economic force of industrial capitalism, so did the agrarian economy of India, which was

the basis of that monopoly, to the industrial economy of Britain. Beaten in excellence and cheapness, the Indian artisan was now to lose his own domestic market and the Indian spinner struggled hard for survival. With the speedy removal of the Company from the field of commerce *qua* commerce, the Indian textiles lost a valuable patron whose association with the producing class was a more personal one than the free traders ever cared to establish. Human hand would have lost to the machine in any age or place but the Indian weavers and spinners were never given equal opportunities. When Indian manufacture needed all the protection in the world,[235] it was not only shut out of the European market by the Continental System but by a prohibitive tariff which really acted as a bounty to British manufacture.

The new customs regulations in Bengal imposed additional burdens. Charles Trevelyan lays bare the ruinous effects of this policy which made large-scale production impossible by denying cheap raw materials as well as by preventing the establishment of a national market. Cotton paid 5 per cent in the raw state, 7½ per cent more when made up into yarn, 2½ per cent more when manufactured into piece-goods, and still another 2½ per cent, if dyed.[236] After paying this 15 per cent in transit duties (5 per cent of which was drawn back on export) in India, plain calicoes had to face a duty of £3. 16*s*. 8*d*. on £100 on warehousing and £78. 5*s*. 8*d*. on £100 on consumption in England. Under such circumstances the Indian piece-goods industry would have been killed even without the competition of the machine. Machinery only precipitated its destruction and made its decline look more cataclysmic.

The decline of the European and American trade, the fall of demand for piece-goods, and the imposition of injurious transit and town duties[237] affected the mercantile class of Bengal. The indigenous traders had never much of a chance against the more enterprising foreigners who had not only a greater command over capital but a greater mastery over the scientific technique of navigation and the economic technique of credit. The Cornwallis system had deprived the *banians* of their business as agents of the young Supervisors and Collectors who went out to Bengal's interior districts. The British agency houses had driven them from the field of export-import trade. These people were forced to invest in houses, lands, and government loans and, later,

when the terms of such loans increasingly favoured the Europeans, in zamindaries, urban sites, or internal trade.

The growth of American and European trade in Bengal led to a temporary revival of Indian textiles. Prior to 1799–1800 piece-goods and raw silk worth only S.R. 40 lakhs were imported into Calcutta from the interior. In 1801–2 their value rose above 120 lakhs. Before 1798 a ship arriving in Bengal had to wait long for assortments of goods, 'whereas at the present period, there are seldom less than one million sterling in value of cloths belonging to the native merchants deposited in Calcutta for sale, and every other species of merchandise in an equal proportion.' The Reporter on External Commerce of Bengal adds with a slight tinge of jealousy that

> the formerly timid Hindoo now lends money at respondentia on distant voyages, engages in speculations to various parts of the world, and as an underwriter, in the different insurance offices, erects indigo works in various parts of Bengal, and is just as well acquainted with the principles of British laws, respecting commerce, as the generality of European merchants, and enjoys moreover two very great advantages over the latter: the first, in trading on his own instead of a borrowed capital; and, secondly, of living and conducting his business at probably 1/10th of the expense of the European.[238]

It was foreign traders who had largely compensated for the decline of the Company's orders during the years of the last Mysore war. The curtailment of the investment caused a setback[239] which would have degenerated into a depression, had not private European and American traders come to the rescue of Bengal merchants with a demand for medium quality piece-goods. At the height of the indigo crisis in 1802–3 piece-goods alone accounted for S.R. 1,85,94,676 out of a total private export trade of S.R. 3,49,32,170. The Americans preferred the native *banians* to the British agency houses, which charged 30 per cent more for goods than the market rate, and 'who ever is dependent upon any of them for credit,' wrote Henry Lee, one of the pioneer American traders, 'must pay dearly for it. . .'[240] Ramdulal Day—Ram Dullol or just Dullol of the Jackson and Lee

correspondence—was their chief *banian* at Calcutta from 1802 onwards.[241] He began his amazing career as a *sircar* of the Fairlies and by his assiduous industry, remarkable ability and proverbial honesty, built up a fortune of half a million at the lowest.[242] The Americans borrowed from him,[243] often to a large extent,[244] though he was charged with usury by Jackson and with exaction by Lee. There were others like him.[245] But the stoppage of the American trade in 1808 and after 1811 injured these *banians* greatly and after the reöpening of Indo-American trade in 1815, most of the American business went to the established European houses like the Palmers and the Alexanders.[246] In 1813 Ramdulal Day had one ship in the port of Calcutta—the last tragic gesture of the Bengali shipowner before complete annihilation.[247] Where even the European country traders failed before the challenge of the free traders, it is idle to expect the Indian to hold his own.

The Parsee and the Muslim merchants fared better for some time in the Coastal and Gulf trade. One Dorabjee had three ships in that trade during 1803–5, Dorabjee Byramjee had as many as six in 1806, and Byramjee Cowajee, two in 1813. Said Hussain and Said Mohummed had one ship each in 1803, and Gullum Hussain shared one ship with a European. In 1813 Gullum Hussain was the owner of four pretty large ships and one Syed Sadock had one. But they had been already facing bitter rivalry from the Imam of Muscat's enlarged fleet and would soon fall back before private British ships.

There were some important consequences of the loss of American customers and the decline of the Coastal and Gulf trades. Firstly, the Bengali traders came to be increasingly dependent for finance on the up-country shroffs who soon got a stranglehold on the internal trade of Bengal.[248] Secondly, the decline of the demand for indigenous products in the foreign markets forced them to concentrate on the sale of British manufactures, which were still a losing concern. The imports by land into Calcutta fell considerably, but Calcutta was sending more foreign articles into the interior.[249] Thirdly, some of the native trading capital was diverted to land, the value of which began to rise from 1811.[250] Lastly, the artisans were eliminated. They were indebted to the native merchants as the native merchants were indebted to the up-country shroffs. When the shroffs pressed

for repayment, the middlemen passed these claims on to the artisans, who, unable to meet them with their products since their demand was falling, had to sell their land. They now increasingly swelled the ranks of the landless proletariat.

The end of the India monopoly did not solve all the private traders' problems. The China trade remained in the Company's hands and the trade in the East Indies in those of the country traders, both of which formed indispensable links in the chain of commerce between Europe and Asia. The speculators' dream of quick riches was to end in a glut. The Indian market did not prove as responsive as they thought. The remittance trade of the Company, which increased with years, competed with their export trade from India. Their grievances would be heard once more, at first against the Company's remittance and financial policy, and ultimately against the China monopoly itself.

# 4

# Hastings and Private Trade

THE coincidence of the opening of the India trade with the phenomenal improvement of British cotton textiles seemed to inaugurate a millennium for the free traders in 1813. For over fifty years, all the great technological inventions in Britain had been working towards the perfection of cotton manufactures and the reduction of its cost of production. This seemed to have been achieved by 1813. The problem of financing purchase of Indian commodities had been solved. There would no longer be any need for sending bullion at a great cost or woollens at a loss. There was a speculative boom in Indian commodities for re-export to the Continent, following the break-up of the Continental System, Napoleon's unsuccessful Russian campaign, and an impatient anticipation of peace. The demand for Indian goods like indigo and silk increased; the demand for cotton was particularly high because the Southern states of America could no longer supply any after the outbreak of the Anglo-American War. The free traders hoped to effect their purchases more cheaply with the produce of Manchester and to carry them more profitably in their own ships to the less expensive outports thrown open after 1813.

The prominent agency houses in Bengal, however, were not so happy about the new situation. They apprehended a veritable deluge of fortune-hunters and a diminution of profits so long shared among the big few. Already the total number of agency houses had risen from sixteen in 1803 to twenty-five in 1812 and of insurance companies[1] from six to eleven. The rate at which partnerships were shuffled was more remarkable. This revealed how fortunes made in India were being transferred with their owners to England, and how the latter were replaced by a new band of adventurers out to make good in the same hard way.

Increase of numbers without appreciable increase of capital presaged ruthless competition.

Usually the capital of the departing merchant would not be remitted at once, perhaps it could not be. It might have been distributed among the Tirhoot indigo planters, the Mirjapore cotton dealers, and the Canton opium agents; it might have been, in the form of a country ship, bringing horses from the Gulf, salt from the coast of Coromandel, or timber from Pegu. He would keep a portion of his capital in India where interest, until recently, had been very high and investment, if more risky, was more remunerative than in England.[1] Fairlie, Fergusson & Co., after Fairlie's departure for England in 1812, still retained the interests of that redoubtable old man. Cockerell, Trail, Palmer & Co. of 1803 became Trail, Palmer & Co. in 1806, and Palmer & Co. in 1810 with the departure of the senior partners. But Trail and Cockerell still kept a considerable part of their funds with the Palmers. Alexander & Co. evolved out of Gardiner, Alexander & Co. of 1805. Sometimes, however, the business was taken over entirely by new men. Cruttenden, Mackillop & Co. could trace their descent from Downie & Maitland of 1803, a metamorphosis worthy of a chrysalis.[2]

These houses felt acutely any shortage of capital caused by transfer by their clients or withdrawal by their partners. Sufficient capital was essential because they had never been content with mere agency business and had been engaged in enterprises of their own on borrowed capital. The Fairlies still owned the largest amount of Calcutta shipping and controlled the Calcutta Insurance Office and the Calcutta Life Insurance Company, besides dealing in opium and indigo on a large scale. John Palmer was the indigo king, with concerns all over Bengal, but his firm also dealt heavily in government securities, had six ships (one short of the Fairlies), ran a bank and the Canton Insurance Company.[3] The Alexanders controlled the Bank of Hindostan, the Asiatic Insurance Company, and a number of indigo plantations and were soon to start pioneer coalmining operations at Burdwan.[4] The last two were the most reliable houses in Calcutta in 1813, according to Henry Lee.[5] Among the lesser luminaries Hogue, Davidson & Co. were principally shipowners; Colvins, Bazett & Co. specialized in piece-goods; Johannes Sarkis & Co.

monopolized the Armenian market and Joseph Barretto & Co., the Portuguese business. Most of them dabbled in indigo and opium, which required constant inflow of liquid capital.

They had been in great distress for some time from an acute scarcity in the money market caused by transfer of the India debt, heavy military expenditure on Minto's different expeditions, and the cessation of bullion import from Europe and America. In addition, bullion had been sent from Bengal for several years to meet the demand of bills on the Court. They began to sell out their stock of securities, the price of which naturally fell, and the government had to come to their help with a cash loan. Notwithstanding this aid the discount on securities in December 1812 was 10 per cent and the palliative of advance payment of interest did not appreciably lessen the demand for cash.[6] Such demand was still further enhanced when private merchants began to arrive with bills on the agency houses from their absentee partners who wanted in this way to obviate export of capital from England, where interest rate now almost equalled the India rate.[7] The rate of interest in the private market rose to 12 per cent in February 1813.[8] However they might dislike it, the agency houses were now dependent on the native bankers or on their holdings of government securities.

Their fortunes had been so intertwined with the Company's finances in India that their distress could not fail to have repercussions on the Bengal budget. It was impossible to obey the Secret Committee's orders to send about £2½ million in investment and £1 million in specie in 1813 without incurring any loan.[9] It was equally absurd to think of raising the sum at the low rate of interest which the government had paid in the last few years. Even a new remittable loan at 6 per cent, opened on 1 July 1813, failed. The Company's bills at 2*s*. 6*d*. per sicca rupee were no longer sought for as the merchants got a higher exchange in private transactions. The principal reason of the rise of exchange was the commencement of a hectic speculation in Bengal goods for the British market. In spite of larger imports of British goods during 1810–2 than during 1807–10, the net excess of exports from Bengal in 1813–4 was S.R. 2,37,84,386, the actual value of which came up to S.R. 3,27,01,998. It was S.R. 61,86,746 more than the average excess of exports between 1807 and 1812.[10] This excess was being paid for by merchants

in bills on London. For every rupee (which had become scarce) lent to them for speculation in Indian articles, they had to promise a higher sterling value.[11] Bills on London at six months' date rose from 2*s*. 6*d*. to 2*s*. 7*d*. in November 1813 and to 2*s*. 8*d*. in January 1814; Henry Lee was afraid that the arrival of the free trade ships would raise the exchange value of the rupee still further.[12] Trade with Lisbon was meagre while America had not yet resumed commercial relations and country trade remained fluctuating. The merchants were thus dependent on trade with Britain with inevitable repercussions on the exchange rate.[13]

Free trade thus upset the Company's financial arrangements. The surplus revenue might be large and the debt and interest charges might decrease but competition would diminish the value of imports. The rate of interest, which had been reduced to 6 per cent, would be too low to attract loans. Bills on the Court, either for cash or on the debt account, which had been a resource for the investment before, would no longer be demanded. How then would an extended investment in indigo or bullion be sent? How would increased supplies to Java, China, and Isle of France[14] be sent? And another war would totally disrupt the financial arrangements. These problems loomed large in the horizon when Lord Moira arrived at Calcutta on 4 October 1813.

There could not have been two persons more different in character than Minto and Moira. Minto had been educated in France, under David Hume's guardianship, and in Edinburgh, at the feet of Adam Smith. He had helped in the impeachment of Hastings and had conducted the impeachment of Impey. Moira was known as a Regency rake, a stern martinet in the War of American Independence and, now, a boon companion of the Prince Regent. The Regent had secured him the governor-generalship to bolster up his sagging fortunes and to enable him to pay off his enormous debts.[15] Yet he had an energetic drive which Minto lacked. He seemed to blossom out on the Indian soil. From the beginning he realized the necessity of carrying out the policy of imperial expansion that Wellesley had been forced to abandon, Barlow had to shelve by a patched up truce, and Minto had neither the inclination nor the sanction to encounter. 'Within British territories,' Moira wrote to his princely patron, 'all is quiet and well, on their borders the spirit is not placid.' In the

north of the Gangetic valley, which formed the core of the Bengal presidency, the Nepalese had been conducting border raids; in the south, the Pindari freebooters, with the connivance of the weak and sullen Maratha rulers, had been sowing murder and rapine. 'Breaches, not formidable but likely to be troublesome, have been postponed by management till the palliative will serve no longer.'[16] We hear in these words the distant rumble of Ochterlony's and Hislop's guns.

What sort of resources did Moira have for undertaking the completion of the imperial edifice? 'I have found the Government in a state of great pecuniary embarrassment. The Directors were so urgent with me to send home treasure that I overcame the reluctance of my colleagues . . . we, however, in consequence have been on the brink of great distress;' thus Moira summed up his position on taking over.[17] The disbursements on account of Bombay, Madras, China, the newly conquered islands and the embassy in Persia, together with an investment of about a crore, had turned the Bengal surplus of S.R. 2,05,41,213 into a deficit.[18] The excess of supplies from India to London—£1,867,500 in 1813–4—exceeded the net Indian surplus revenue, which was £1,816,648.[19] Discount on the government securities was 12 per cent in October 1813,[20] and the rate of interest in the private market about the same. In one year the former rose to 13 per cent[21] and the latter to 21 per cent.[22] The first batch of free traders brought bills instead of cash as Henry Lee had predicted. To meet these bills or to engage in commercial speculation on their own account, the agency houses borrowed money from the shroffs at higher interest or sold their stocks of securities or drew bills at higher exchange. As the Governor-General suggested:

> The high prices which indigo, cotton, sugar and other articles of Colonial produce are reported to have produced at the period of our latest advices from England, would enable the manufacturer or the exporting merchant, to allow a high rate of interest on the capital . . . and it cannot be doubted that many individuals have been induced to realize their Government paper, either for the purpose of engaging in commercial adventure themselves, or of obtaining a high rate of interest from those who have embarked on such adventures.[23]

The problem before the government was how to reduce the discount on the securities, obtain funds for the investment strictly according to the Court's orders, and meet the deficiency caused by large disbursements without paying a higher interest.

While ordering separation of the commercial and the territorial accounts and appropriation of funds according to the provisions of the Charter Act of 1813, the Court had assumed that there would be a sufficient surplus in India capable of defraying all territorial charges in India and England as well as of reducing debt.[24] It noted the insufficiency of the average surplus for several years (about £1 million) and urged reduction of expenses by at least £500,000 per year. It also asked the government to draw bills in order to meet any deficiency in the funds, earmarked for the investment, which now consisted of a sum equivalent to that spent on the charges in Britain and the sale proceeds of imports. Against interest bills, which fell in a different category, the government was to provide by advances towards the public service or by payment of bills drawn by the Court or by extended investment and, if all these means failed, by exports of bullion.

The insistence on a large surplus and on remittance against interest bills proceeded from two different considerations. The Company was unwilling to increase its debt further and hoped to reduce the present one before any emergency occurred. It was much more unwilling to incur any default in the payment of interest bills, which might force it again to appeal to Parliament for assistance.[25] Moreover, with the British victory in the European war, the Company hoped to catch a rising market for Indian articles and wanted to be definite about its Indian investment. It did not rest content with ordering bigger investments for 1814 and 1815 but furnished resources in the shape of a large quantity of British goods and stores, even though their market was glutted. The indent for Bengal silk amounted to S.R. 54,77,821 in 1814 and S.R. 42,00,000 in 1815, and the indent for piece-goods came to S.R. 43,28,336 and S.R. 30,00,000 respectively, besides a large order for sugar, cotton, hemp, sunn, and lac-lake.[26]

The Bengal government was unable to comply. It pointed out the many commitments which used up its resources. It dwelt on the unadvisability of retrenchment in the military department and appealed for the Court's sanction for a regular debt transfer through the Company's channel—about £500,000 per year—

which alone would keep down the discount rate and furnish the government with a source for full investment.[27] When no reply came and its salt and opium revenue were affected, it advanced 6 lakhs to the agency houses, 'to unloosen native capital,'[28] and opened a 6 per cent remittable loan for those who had not availed themselves of the opportunity before. Later, it rendered them further help with another advance payment of interest.[29] It was, however, powerless to help itself, for, nobody would lend at 6 per cent, and the exchange value of the sicca rupee had risen in the private market to 2*s*. 9*d*.[30] It had to cut down the investment of 1814–5 to 60 lakhs.

The Nepal war began on 1 November 1814 in these circumstances. The stiff resistance of the Gurkhas upset all hopes of early success. To produce a full investment in 1815 the government had to persuade the Nawab of Oudh to offer a loan or S.R. 1,04,00,000 at 6 per cent—the interest covering allowances and pensions to the members of the Vizier's family, which had been guaranteed by the Company earlier. Surprisingly enough, it was not wholly applied to the investment, but, on the Accountant General's advice, the Vice-President in Council applied 54 lakhs to the payment of 8 per cent loans by way of relief to the agency houses.[31] Discount on 6 per cent remittable paper, 16 per cent in November 1814, came down to 9 per cent in consequence, and the opium and salt revenues improved,[32] but the investment was affected adversely.

Although the Court promised to send bullion in 1814,[33] it did not send any before 1815[34] (which reached Bengal in 1816) and it seemed unwilling to risk commercial funds in apprehension of their possible diversion to war. At the same time it stopped the remittable loan. The government reacted in a way which showed how deeply it was committed to the interests of the agency houses. In the absence of the Governor-General it again procured a loan of one crore from the Vizier, ostensibly to finance war which was no time for 'over-scrupulous regard to appearances,'[35] but spent 48 lakhs of it in payment of loans for further alleviation of scarcity in the money-market. In a private letter to the Chairman, Lord Moira indignantly wrote:

> At the time, the measure appeared to me so strangely inapplicable to our circumstances as to make me regard its

> adoption with wonder, tho' I imputed it to the pleaded apprehension, however extravagant, of necessity. I do now fear it was devised, without due sense of the inconvenience it might entail, to lower the estimation of a success which had been treated as a visionary hope.[36]

Though he ascribed such behaviour to an attempt 'to create a belief that our advantages [in the Nepal war] had been purchased by a disproportioned and oppressive waste of money,' the real motive was amelioration of the mercantile distress for cash.

The Nepal war ended in success with the Treaty of Sagauli on 2 March 1816, which gave Garhwal and Kumaon with the greater part of the Terai to the British, but not before increasing the Bengal debt and reducing the investment. The Bengal surplus, S.R. 1,84,03,853 in 1814–5, was further reduced to S.R. 1,47,78,775 in 1815–6, and the Indian surplus from £1,410,825 to £437,500. A debt of S.R. 1,43,98,442 was incurred even after the Vizier's second loan had been paid off with Kyraghur, a district wrested from Nepal. The investment for 1815–6 dwindled to S.R. 53,49,604,[37] which, compared to the average of five years ending in 1813–4 was about 36 per cent less, and in spite of the import of bullion worth £800,000, the government limited its amount to 60 lakhs in 1816.[38]

The situation improved considerably in 1816 with greater imports of bullion and merchandise from England on private account and resumption of trade relations with Europe and America. Fall in the price of bullion after the Napoleonic Wars made it more worthwhile for merchants to send dollars to India than to procure money in India for bills at an unfavourable exchange.[39] Capital scarcity in Bengal was largely met from such supplies. In response to appeals from their Bengal constituents, the London agency houses began to remit capital in the shape of merchandise. This tendency of remitting capital through the export of merchandise to Bengal was conspicuous in the years between 1810 and 1812 when the effect of the exodus of capital from Bengal was first felt by the mercantile community, but it was absent in 1813 and 1814, when the private traders preferred to bring bills instead of merchandise. The excess of exports from Bengal on both the Company's and the private accounts had been S.R. 2,03,73,077 in 1814 according to the Customs House valua-

tion (actually S.R. 2,99,66,077) and S.R. 2,02,31,492 in 1815 (actually S.R. 3,22,13,566). But there was an excess of imports to the extent of S.R. 7,55,091 in 1816 (actually still an excess of exports amounting to S.R. 1,15,61,745).[40] Trade with most of the countries, and specially between Bengal and Britain, showed the same effects.[41] The value of copper imported on private account rose from S.R. 78,581 in 1813 to S.R. 5,42,267 in 1816, of iron from S.R. 2,30,547 to S.R. 5,83,610, of woollens from S.R. 1,84,521 to S.R. 2,38,616 and of cotton piece-goods from S.R. 91,835 to S.R. 3,13,102. Almost all items of imports (except wines) rose in value and still more in quantity as their prices began to fall in England. The customs regulations of 1815 spurred on the tendency still further.

Early in 1814 some of the representatives of the industrial towns of England in Parliament, the most prominent of whom was Canning, had enquired about a reform of the Customs Regulations of 1809 and 1810 which, according to the private traders, had been injurious to their interests. Robert Thornton, the Chairman of the Court, tried to justify the Regulations,[42] but the Board accepted the other point of view. Courtenay, in a report on the customs in India, categorically stated:

> the Company have hitherto, in executing the power of imposing taxes, blended their characters of sovereign and merchants, but they must in future lose sight of their mercantile interests in the execution of their political trust; their impositions will not henceforward spring from any factorial rights or commercial privileges but from the obligations to which all Governments are subject—in the exercise of fiscal power, and must accordingly be regarded by the general principles of political economy.[43]

The Committee of Correspondence had to agree to the Board's suggestions. The cardinal principle, as laid down in their recommendations for customs reform in Bengal, was encouragement of imports from the United Kingdom in the British or the India-built ships. Import duties on woollens, metals, and marine stores from England were to be entirely abolished. A duty of only 2½ per cent was to be retained on other produce from Britain except wines and spirits on which the earlier duty of 10 per cent was

to prevail. A duty of 5 per cent was to be levied on the produce of Europe and America, if imported in the British or the India-built vessels, but this was to be doubled if the same were imported in other vessels. A similar differential treatment was envisaged for exports according to their destination and the nationality of vessels that carried them. Indigo, produced in the Company's provinces, if sent to England, was to be allowed a full drawback. This would also apply to hemp, sunn and cotton. Piece-goods, silk, and saltpetre, if exported to England, were to be given such a drawback as would leave a net duty of 2½ per cent. Full transit duties were to be retained except on cotton which would be reduced from 10 per cent to 5 per cent. The Bengal rate of duties was to be the maximum; other provinces were to draw up similar regulations, and duties, once paid, could not be charged again in the port to port trade. These recommendations were sent to Bengal and incorporated in Regulation IV of 1815.

It redounds to the sense of justice of the Court that it advised the Bengal government to reduce the scale of transit duties which affected internal trade and which had tilted the balance in favour of the British cotton manufacture.[44] The sole duty on the latter was now the import duty of 2½ per cent, while over and above the full transit duty to Calcutta and the export duty of 2½ per cent, Bengal cotton manufacture had to pay a prohibitive duty in London even after the reforms of 1813.[45] The ideal of free trade presumably applied to raw materials alone. As a result of this Regulation, private imports into Bengal rose so rapidly after 1815 that the Company had to alter its import policy. Its imports had shown profits on all counts, specially copper, up to 1815, in spite of enhanced private imports during 1810–3. But the average sale prices of its goods had been falling regularly since 1813[46] and, faced with this new spurt of private competition, it had to reduce the scale of imports from 1816.[47]

Due to the combined operation of the government's assistance with cash loans and advance payment of interest and principal, arrival of capital from England, resumption of trade with Europe and America, and decline of remittance from Bengal through excessive exports (which took place in 1813 and 1814), capital became less scarce than before. Discount on the securities came down to Re 1.3*as.* per cent in December 1816,[48] and the rate of exchange fell to 2*s.* 7*d.* The government could breathe more

freely as profits from opium began to rise. Average price of opium in 1813 was S.R. 1,427.10*as.* 3*p.* per chest. It rose to S.R. 2,178.7*as.* 3*p.* in 1816.[49] The agency houses were having a windfall in indigo as well. As it provided a better remittance than bills on the Court, its price rose sharply to S.R. 220-230 per factory maund in October 1814[50] and continued high in 1815—artificially rigged up by the agency houses. But the tendency of over-speculation in opium and indigo was producing its own nemesis. The phenomenal profits in the former drew the competition of Malwa and Turkish opium to the eastern market, and over-production[51] and excessive exports[52] brought down the price of the latter to 6*s.* a pound in London at the end of 1815.[53] More than 100,000 maunds of indigo were being produced each year when its exports were checked in 1816. Unfortunately, the check was enforced only for three years.

The arrival of the free traders had enhanced the prices of almost all Indian articles, besides these highly speculative commodities. Cotton and raw silk were the most in demand. Cotton prices ruled high in America after the Anglo-American War due to a rise in the value of land and slaves. The price increase continued until 1818,[54] and the British textile industry had to depend on Indian cotton. Export of Bengal cotton to Britain rose from 19,137 bales in 1815 to 72,999 bales in 1816; to China from 93,400 bales to 110,039 bales.[55] As early as 1814 Bengal cotton sold for 15*d.* to 17*d.* per pound in Britain and, under the impetus of greater demand, exports rose, speculation ensued, and the price of cotton went up from S.R. 15 per maund in 1814 to S.R. 17.8*as.* in 1816. A similar tendency worked itself out in sugar, the price per maund of which rose from S.R. 8.8*as.* to S.R. 11.8*as.*[56] Silk was difficult to procure because of the Company's strict control. It was the only article which gave it a sure remittance,[57] and any surplus beyond its investment was mainly monopolized by its Commercial Residents. Export of silk to U.K. on private account was meagre and, as we will see, that proved to be one of their chief grievances.[58] The private traders kept up a considerable export of piece-goods to America in the first two years after resumption of trade with that country and to the Eastern Islands, Isle of France, Lisbon, Brazil, and other parts of South America for a longer period. But exports to Britain sank lower and lower as duties were still very high and, when the

policy of protection was initiated by the United States in 1815, there was little hope of a revival.[59]

Henry Lee estimated the effects of free trade on American commerce with Bengal in 1816–7 and foresaw the fate soon to overtake Bengal products in the world market. 'We have lost our carrying trade which once was so profitable. . .,' he wailed.[60] The war was over, the advantage of neutrality obtained no longer, and private British ships had reduced the freight to £6—£8 per ton.[61] Double duties in India and 60 per cent to 70 per cent tariffs on Bengal piece-goods in America had struck at the root of direct trade. Lee was now sending sugar and indigo to Europe and piece-goods to South America, West Indies, Italy, and Holland.[62] He was uneasy about the future. He feared that Java sugar would beat Indian sugar and, on reduction of price, American cotton would drive Indian cotton out of the London market: 'I am convinced while in Calcutta, that in all the fine sorts of cotton cloths, and coarser kinds of muslins such are made in Scotland, British manufacturers would undersell the India, and in time get in to use among the natives.'[63] He indicated also the potential danger of over-speculation in indigo and shipbuilding.[64] The cheaper British ships and the operation of the Navigation Laws were sure to beat the India-built vessels in the end as they had beaten the American vessels. The India trade was now more profitably done through England where prices were lower than in India, and ultimately all trade with India would be centred in England.

He was not far from being right. He only failed to notice another remarkable trend which almost amounted to a revolution. He deprecatingly mentioned the glut of British manufacture in Calcutta and thought it would never pay.[65] He overlooked the effect of continued sale at discount. The free traders, by their early sacrifice, had brought into being a limitless market for British goods. Demand for them had begun to rise noticeably from 1817.

The financial troubles of the Bengal government were not over with the end of commercial distress, improvement of the securities, and victory in the Nepal war. The surplus revenue had fallen lower in 1815 due to a rise of military charges which the government hoped to put right at the end of the war, especially with its excessive income from opium. But the supplies to Bombay,

China, and the occupied islands taxed all its resources[66] and forced it to float a 6 per cent remittable loan against the Court's orders.[67] If advances to His Majesty's Government were to be maintained (all the money sent by the Court in 1815 had been set apart for this purpose)[68] and the European investment was to be restored to its pre-war level, some sort of assistance must be rendered from London. The harassed government pleaded that

> however valuable a possession India would still remain to England, even in a pecuniary point of view, as the source of lucrative commerce, and as paying, a vast tribute in the returns of private fortunes, yet she demanded in return, some aid from the Mother Country, to enable her revenues to bear the expenses necessary to preserve her.[69]

If the excess of supplies to London be set against the excess of home charges over the investment, England would still come out as a debtor country.[70] Moreover, the home charges had been increasing alarmingly of late. The aid became specially urgent as the sale of imports would no longer afford a reliable resource. It would become imperative if military action was taken against the Pindaris who had renewed their raids.

Large bands of freebooters, under the name of Pindaris, had established themselves in the dominions of Sindhia who, unable to control them, thought of using them to satisfy his predatory instincts as well as to further his political game. The minor potentates of Central India and Rajputana kept them, in Sleeman's words, 'as poachers in England keep dogs.' They repeatedly pillaged Central India and the Nizam's territory, and in 1812 even dared to attack the Company's possessions. Minto warned the British government without avail, for, Buckinghamshire scorned the Pindaris as an insignificant distraction. When further attacks occurred in 1814, Moira decided it was time for drastic action. 'The British Government,' in his opinion, 'should become the acknowledged head of a confederacy, the whole strength of which we should have a right by compact to wield against any invader of the public repose.'[71] Before Buckinghamshire's obdurate order prohibiting change in the political system could reach India, Moira sent another appeal to England for freedom of initiative. The non-interventionist Maratha policy of

the British authorities, in view of the Maratha weakness which bred anarchy and the Maratha hostility which presaged a sudden threat to the Company's possessions, seemed to him to be highly unrealistic and even escapist. The system of alliances he proposed would either neutralize them or, by isolating them, annihilate them. George Canning, now President of the India Board, at first concurred with the Secret Committee's preference for 'a more moderate and compact territory and leaving the other states to themselves.'[72] Even when, on the arrival of the news of Pindari inroads into the Northern Sarkars, he gave Moira 'an assurance of approbation of any measures which may have been authohized or undertaken not only for repelling invasion but for pursuing or chastising the invaders,'[73] he did not fail to advise Moira to abjure a comprehensive scheme of conquest. It seemed as if the British authorities saw in Moira's ideas the ghost of Wellesley's Maratha policy.

Moira's plans for 'the destroying of the Pindari association in its nest' started with a subsidiary alliance with Appa Saheb, the heir presumptive of the Bhonsles, on 27 May 1816.[74] It was followed by the expulsion of Baji Rao II from the headship of the Maratha confederacy (Treaty of Poona, 13 June 1817).[75] A treaty was forced on Sindhia (5 November 1817) which obliged him to assist the Company against the Pindaris and released the Company from the obligation of abstaining from political activity west of the Chambal.[76] A further series of treaties with the Rajput states blocked the Pindari movement westwards. These operations, however, brought to a head all the latent fear and hostility of the Maratha chiefs. The localized clashes with the Pindaris merged into a general war with the Marathas.

As no bullion came from England, the Bengal government felt the financial strain from the middle of 1817. Securities, at par in March, were at a discount of Rs 4.4*as.* per cent at the end of the year. The surplus revenue of Bengal fell to S.R. 1,08,85,282 in 1817–8 as military charges rose to S.R. 3,87,35,875. The Indian surplus went down still further as Madras and Bombay incurred heavy deficits. Opium revenue was threatened by exports of Malwa opium through the western ports,[77] and salt revenue suffered from the government's confused policy and competition of cheap Liverpool salt.[78] The Bengal government took recourse to loans to procure the supplies of the Deccan

army,[79] and issued treasury notes at 8 per cent later. The Court appeared 'absolutely to preclude any discussion in regard to the sufficiency of our ordinary means to meet the demands of the commercial department, so long as a rupee shall be due by the territorial branch of the Hon'ble Company's Concerns.'[80] It wanted the bullion, sent in 1817,[81] to be solely applied to the procurement of raw silk. The government had, therefore, to float another loan to meet an avalanche of bills from the western provinces—Hyderabad, Nagpur, and Poona—which amounted to more than 2 crores and 30 lakhs. This loan was opened at a discount of 3 per cent and was to bear 10 per cent interest till 30 June 1819.[82] Bengal thus was following the Court's orders to raise resources in India with a vengeance. By stubbornly standing on the letter of the Charter Act, in order to protect its commercial profits, the Court had passed on the whole burden of the Maratha War to Bengal.

It was extremely lucky that the war came to a victorious conclusion so quickly. As the Maratha chiefs offered battle one by one, they were very easily defeated: first the Peshwa at Khirki (5 November 1817), then Bhonsle at Sitabaldi (27 November 1817), and Holkar at Mahidpur (21 December 1817). When the desperate last stands of the Peshwa at Ashti (20 February 1818) and of Bhonsle at Nagpur (16 December 1818) were broken, the Marathas ceased to exist as a political force. The Peshwa's dominions (except Satara where the titular raja was set up) were annexed, as also were the districts lying to the north and the south of the Narmada.

The British, with a network of alliances with all the princely states, became the paramount power in India. Prinsep wrote in his *Political Review*:

> Henceforth this epoch will be referred to as that whence each of the existing states will date the commencement of its peaceable settlement and the consolidation of its relations with the controlling power. The dark age of trouble and violence, which so long spread its malign influence over the fertile regions of Central India, has thus ceased from this time; and a new era has commenced, we trust, with brighter prospects, an era of peace, prosperity and wealth

at least, if not of political liberty and high moral improvement.'[83]

The Marquis of Hastings later boasted that he had won the Maratha War and 'had bought absolute supremacy of the Company in India at the cost of a debt of 98 lakhs. . . . My sole pretension is, that in wielding your strength I have not checked the pace of your increasing wealth.'[84] He also promised a net increase of £1 million from the newly conquered territories in three or four years.[85] The Court, however, did not view the achievement in the same light. The Bengal debt had increased by S.R. 33,75,847 in 1817–8, S.R. 1,48,89,122 in 1818–9, and S.R. 2,20,78,237 in 1819–20 as a direct or indirect result of the Maratha War. The Indian surplus had turned into a deficit in 1818–9,[86] and the total debt the territory bore to commerce was rising faster than it had done between 1814–6. London was now sending for the first time an excess of supplies of other than commercial nature. So long as this debt remained unpaid, the surplus revenue could not be applied to the reduction of the India debt.

Two things were imperative if the vicious circle was to be broken. Bengal should send full investments so as to wipe out its balance with commerce and should see to the production of an Indian surplus big enough to defray all territorial charges at home and abroad as well as to reduce a portion of the India debt. The Court again prohibited all remittable loans[87] and by way of assistance sent £1 million of its surplus commercial profits which was strictly to be applied to the reduction of the India debt through a sinking fund.[88]

The rest of the history of the Marquis of Hastings's governor-generalship is concerned with his measures to follow these three directives: increase of investments, reduction of debts, and improvement of revenue. We will deal with them in succession and show how each measure brought the Company into conflict with either the British private traders in India or the British creditors of the Company or some mercantile interest in England.

In the Court's indent for 1817–8 muslins fetched only S.R. 2,06,093 out of 24 lakhs allotted to piece-goods. Next year the piece-goods indent was further reduced to 16 lakhs and there was no demand for the familiar muslin. The Dacca factory had

to be closed down. It was neither high freight nor the protective duty which prompted the Court to abandon it in 1818 but the astounding reduction in the price of British cottons of equal description.[89] Fine piece-goods of Bengal, with which the history and fortunes of the Company were so indissolubly linked, had to admit defeat in so unequal a competition. The price of defeat was decay. India lost a great art and the artisans lost their employment. Moreover, with the rapid decrease of trade in calicoes, which limped on for a while,[90] India lost her only industry which had an international market. Remittance from India could now be made in her raw materials. Of cotton, sugar, silk and indigo—sugar, far outdistanced by the West Indies produce, never had any steady demand. Therefore, the Company fastened its hopes on cotton and silk, as the private traders did with cotton and indigo.

At first cotton was on the ascendant. 'We attach very particular importance,' wrote the Court as early as 1815, 'to the object of improving the quality and staple of Indian cotton, so as to render it fit for the general consumption of Great Britain. . .'[91] The Court proposed experiments with a better variety and ordered a supply of seeds from the Bourbon Island. In 1816 it sent a cotton gin to improve cleaning. It made a good profit on Bengal cotton in 1817[92] and ordered a large consignment for the next three years.[93] Cotton used to be received in Bombay in lieu of revenue.[94] Experiments were now started there with new varieties under private European enterprise. Dr Gilder was given rent-free land in Ahmedabad for this purpose,[95] as was David Malcolm at Salsette.[96] Madras too was exhorted to increase the supply of the best Tinnevelly cotton.[97] Silk was, however, the principal medium of the Company's remittance. It returned 3*s.* 6*d.* per sicca rupee as late as 1817, and naturally the order went up from 45 lakhs to 66 lakhs in 1819. To ensure its supply the Court sent £100,000 in each of the years 1817 and 1818. But the military preoccupations of the Government prevented it from sending any cotton fit for the European market in 1817 and 1818.[98] When the silk supplies, though much extended, fell short of the Court's expectations and the price of Indian cotton began to decline in England, it was forced to use indigo for its remittance from 1819.[99]

During 1817 and 1818 the impact of free trade and the

Industrial Revolution affected private trade to the greatest extent. Compared to 1813–4 the import trade had quadrupled, merchandise rising by 2.27 times and treasure by 8.2 times. The British traders, who could bring their own, and now much cheapened, manufactures, had the upper hand. They imported three times in goods and less than four times in treasure—well above the average. But the value of exports showed no improvement. It was stationary in 1817 and declined next year. In 1817 surplus exports still amounted to S.R. 73,34,216 (actually S.R. 1,96,19,313), the Company having S.R. 23,66,672 to its credit and the private traders S.R. 49,67,547. In 1818, for the first time in the history of Indo-British commerce, imports exceeded exports by S.R. 2,96,17,309 (actually S.R. 52,35,975), occasioned by default on private account alone, for the Company sent a surplus export.[100]

The change in the terms of trade was revolutionary. Exchange value of the rupee, so long much higher than the official 2*s.* 6*d.*, began to fall with the decline of surplus exports. The pace was set by the eagerness of merchants to get the returns of their imports to England. But cotton and indigo prices were too high to afford a remittance; silk was all but unprocurable; and there was no demand for Bengal piece-goods.[101] Hence the demand for mercantile bills increased which lowered the exchange further against India. Money was plentiful and people sought remittance or investment desperately and even a lower rate of interest was considered preferable to forced idleness. It was exactly the reverse of what happened in 1814 and 1815 when money was scarce and the extensive surplus exports kept the exchange high. These difficulties were further enhanced when cotton prices began to sag in London in 1819 and collapsed a year later in the China market.

There were several causes of this sudden plenty in 1818–9 which is apparently inexplicable in the context of the scarcity of the previous year. The Marquis of Hastings refers to unloosening of the native capital hoarded up during the Maratha War in the hope of a higher interest.[102]

The more fundamental cause, however, was abundance of private remittable capital which could not find a way to England (due to stagnation of the Europe trade) or secure investment in India (due to a recession in the country trade and depression

in the shipbuilding industry).[103] The amount of floating capital was increased further by excessive import of bullion called in by the scarcity of 1817.

The private remittable capital of Bengal had been calculated by Bosanquet as half a million;[104] the Court put it higher at two millions; and H. St. George Tucker, the financial adviser of Wellesley and Barlow, put it at three millions.[105] In the period under discussion remittable income arose from savings of Civil and Military servants of the Company, European mercantile profits, profits from European industries and professions, and interest on the public debt held by the resident as well as the absentee creditors. There arose at least an annual private remittable income of 1 crore and 56 lakhs on those heads.[106] When we add to this sum the average amount remittable by the Company to England in repayment of the home charges, there was about two crores and a half to be remitted each year from Bengal in the medium of her chiefly raw materials. So long as the excess of exports over imports remained equal to this figure the exchange would be at par. But if it rose above, a favourable exchange for India would occur, and, if it went below, an unfavourable exchange would set in. Up to 1816 actual excess of exports per annum was sufficient to convey the remittable private capital. In that year, due to resumption of trade with Europe and America, import of bullion started in an ever-increasing scale and merchandise from Britain began to flood Bengal. This upset the applecart by further increasing the extent of remittable capital. The private traders had two alternatives—either to barter money for goods at high prices or accept bills at a lower exchange. When goods, so dearly bought, reached England, they found a dull market.[107] When they tried remittance by bills, to avoid investment in India at 5 per cent, their competition reduced the exchange.

The agency houses were affected by this inflationary tendency as they had been affected before by the deflationary withdrawal of capital. They appealed to the government for a countervailing measure.[108] The government very willingly obliged them by floating a loan at 6 per cent which absorbed the remittable funds at a higher interest than that available in the market.[109] But this temporary palliative was of no avail. The remittable capital of 1819–20 was further swollen by a total bullion import of S.R.

4,10,84,760 and merchandise import of S.R. 1,75,21,977. Exchange fell from 2*s.* 6*d.* in 1819 to 2*s.* 3*d.* in 1820, as remittance through trade became more hazardous with the fall of cotton prices in England.[110] The stagnation of the country trade[111] choked a great source of investment. Cash became more plentiful in 1820, and a large scale purchase of public securities pushed their premium to S.R. 3½ per cent. The attention of the remitters was then drawn to the Company's interest bills which, at 2*s.* 6*d.*, gave the best possible remittance under the circumstances. At once there was a great rush for those bills. It seemed as if the Court would once more be deluged under bills.[112]

From 1819 onwards the Company's trade was returning to its old standard. Its imports in merchandise from Great Britain rose from S.R. 12,81,821 in 1818, to S.R. 19,52,700 in 1819, and to S.R. 25,95,608 in 1821 until it fell to S.R. 13,00,529 in 1822. Its imports in bullion rose from S.R. 19,76,651 in 1818 to S.R. 91,47,961 in 1819, when the Court sent funds to be used for the sinking fund, but fell to S.R. 15,25,404 in 1820–1. Its exports to Britain increased in a greater ratio—of merchandise alone, from S.R. 69,99,443 in 1818, to S.R. 98,68,404 in 1819, and as much as S.R. 2,05,58,347 in 1821 before it declined to S.R. 1,15,18,555 next year.[113] Part of this extended export was in payment of the territorial debt to commerce which the Court insisted on and part of it was sent to enable the Court to discharge the interest bills which were being drawn increasingly from 1820. The indent for cotton rose from 7,000 bales in 1820 and 1821 to 9,000 bales in 1822, though it sold for high prices in India and the Company had enough stocks in hand; that for silk went up from 66½ lakhs in 1820 to 73 lakhs; investment in sugar doubled. Only the piece-goods were down to S.R. 8,06,970. 'Our warehouses in London are at this time, as you know, loaded with cotton piece-goods, which are selling at a great loss.'[114] Cotton, however, bought at Rs 18 to Rs 22 per factory maund, sold so low that the Court decided it could come only as dead weight. The cotton speculation to China came to grief in 1821 due to the abundance of the local harvest.[115] Silk could not be procured to the extent of the indent for 7,000 bales. The Court, therefore, fell on indigo which had yielded in 1819 an exchange of 2*s.* 5*d.* Its provision was limited before to £300,000. Now it was increased to £750,000.[116]

To this tangled trade, depression in England added another strand in 1819. Professor Clapham once described the years between 1815 and 1820 as 'economically probably the most wretched, difficult and dangerous in modern English history.' These were years of transition from war to peace, from the first to the second, and the more productive, phase of the Industrial Revolution. By 1816 the speculation in Indian commodities for the European and the American markets had come to grief; their prices had fallen. Meanwhile, British cotton and iron manufactures had improved. But there was no outlet.[117] Cessation of war contracts and loan-financed government expenditure affected cotton, iron, and shipping industries still further. This depression led to an artificially contrived drive for exports. There was some recovery in 1818. But as the causes still persisted, there was a bad setback in 1819.[118] There was another outcry against the Company's monopoly and another drive for the Indian market. The conditions were now propitious. The prices of woollens and metals had largely fallen in the Bengal market,[119] and the cost of production of cottons was reduced beyond the fondest dream.[120] Import of cotton piece-goods from Britain exceeded 46 lakhs in 1821 and 65 lakhs in 1822.[121]

But private exports still lagged behind. The Company's remittance was in direct conflict with private remittance. It supplied 1 crore out of an actual excess of exports of 2.18 crores in 1820 and more than 2 crores out of an actual excess of exports of 3.11 crores in 1821. Nor did trade with Europe, America, and Asia prosper as trade with Britain did.[122] The primary causes were the decline of piece-goods and dearness of Indian articles.[123] Freight and charges had become so low with keen competition among the free traders that there was little inducement to engage in circuitous trade. Moreover, the preferential treatment of Britain and British vessels encouraged Indo-British trade at the cost of others. Foreign traders had little chance to employ British capital; their experiments with bills raised the exchange, they had to bring bullion whereas the British did not need to, and now, in 1820, along with British traders, they felt the channel of remittance gradually shrinking. They had lost the piece-goods market in both Americas and South-East Asia to British cotton manufacture, the London cotton market to American cotton, and the China cotton market to the native product.

Trade with Lisbon was considerable up to 1816–7 but it declined from the next year with partial attempts at recovery in 1818, 1820, and 1822. It depended on bullion, and as it became less profitable to send bullion, the trade shrank. The constant struggle between Portugal and her American possessions disturbed trade with Brazil. Trade with United States continued well up to 1818–9 and fell off for causes similar to those that operated in the case of Britain. Denmark and Holland had an insignificant share in the Bengal trade and trade with France did not fare well after 1818. Trade with Gibraltar and Malta flourished for a while after the passage of the Malta Trade Act, and trade with South America was more or less stable up to the last but one year in the series. Imports from China fell greatly after 1819, as Bengal opium came into competition with Malwa and Turkish opium and because the cotton speculations of 1819 and 1820 came to grief. Trade with Penang and Sumatra showed a similar stress, though the former began to recover in 1820. Though Java had been in the Dutch hands since 1816, the country trade with her prospered with one or two breaks. But feeling oppressed by the illiberal regulations of the Dutch, the British private merchants sought a vantage point in the China seas which would protect their trade route to the East Indies as well as serve as a free emporium for British and Chinese articles. Manila's trade declined as direct connection with Spanish America (now independent) was established. The exigencies of the Maratha War increased private trade between Calcutta and Malabar from 1817 to 1819, but the end of war heralded a fall. There was some attempt to compensate for its decline through an increased trade with the Gulfs. But the direct Gulf-Britain trade affected the Gulf-India trade in 1822. Though imports from Coromandel were more or less constant, exports suffered. The speculative trade with Mauritius spent itself by 1817.[124]

By 1822 a reaction would have set in had not the Company competed with the private traders for remittance. The fall in the import of bullion had lessened the amount of remittable capital. The Company's bills on account of the India debt furnished an extra channel of remittance in 1820 and 1821, which provided for about 100 lakhs more per annum than the average remitted in that medium before 1820.[125] The financial operations of the government in 1822 resulted in further exodus of capital. But

paradoxically enough, it had to send increased investment to enable the Court to discharge the bills. There was a huge excess of exports in 1822—mainly due to the rise of indigo prices to S.R. 260 per factory maund—amounting to S.R. 2,28,47,529 (actually no less than S.R. 4,41,05,186). But though the share of the private remitters increased, it did not exhaust the remittable capital. Cash was abundant, interest was low, exchange stood at 2*s*., and the dissatisfaction of the private traders with the Company's remittance trade grew more acute and articulate. They viewed it as taking unfair advantage of its command over the surplus revenue of Bengal and the capital market, such as by cornering silk and allowing its Residents to raise its price still further, and forcing up the price of indigo with reckless bids.[126] Against this Juggernaut the private British merchant and remitter stood helpless with plenty of idle money. When the Governor-General, in response to their appeal, proposed abolition of the Commercial Resident's trading privileges[127] and the Court turned it down,[128] the private traders read in it the Court's bid to introduce monopoly by the backdoor. They were forced to invest money in the public securities, the premium on which rose to 18 per cent in May 1822.

If the Company's commercial policy alienated the mercantile community, its debt policy alienated the creditors and caused an exodus of capital to England which in turn called forth an enlarged public investment. It was necessary to relieve the Court from the burden of bills. The British and the Indian authorities tried to work out a way in which the abundance of capital in Calcutta could be utilized for discharging the remittable debt or for funding it. In order that 'the overwhelming torrent [of bills] may be arrested by July 1822,' the Court not only asked for a full investment and bullion worth £1 million but wanted the government to buy up all optional papers at a premium of even 4 per cent and, if that proved impossible, to pay the registered debt of 1811–2. In case this move excited alarm among the creditors, the government was to open a 6 per cent loan, absolutely irredeemable for ten years, principal and interest payable in India, to which interest bills and other outstanding loans could be subscribed at a bonus.

The loan was successful in converting the registered debt. About a crore of rupees was sent in bullion to England to help

the Court in 1821 to discharge the interest bills. On 18 February 1822, against the orders of the Court, a remittable loan was opened in order to facilitate transfer of the optional loans incurred between 1813 and 1820. It granted to the absentee creditors interest bills at 2*s*. 1*d*. per sicca rupee and an option to transfer the principal at the end of the Charter at 2*s*. 6*d*. at twelve months' date. This was definitely more attractive than the loan of 1821, and a large portion of the 6 per cent optional loans was subscribed. But the rest was demanded in bills.[129] The absentee creditors considered it unremunerative to keep capital in India on such conditions. In 1822 alone bills demanded on account of the principal amounted to S.R. 2,20,47,843.

Hastings tried to justify his debt policy on political grounds—as one based on 'identifying the interest of a leading body of natives with ours by making such a proportion of their fortunes depend on our stability.'[130] He supported the first Oudh loan as supplying the native princes with 'a motive the more for them to abstain from intrigues against us.' But a revolution in the exchange rate since 1819 had cut off the ground under his argument. The Europeans, discovering in the interest bills the best mode of remittance, had bought out the native holders. This not only occasioned a loss of 22 per cent to the Company (the actual exchange rate having come down to 2*s*. 3*d*. or even lower) but made the Court a prey to a sudden transfer of capital. Hastings was more considerate to the creditors than the Court would have him. He proposed a higher rate of remittance for interest than that envisaged by the Court and granted an option for the transfer of the principal at an exchange rate higher than the intrinsic value of the rupee. He explained that he did so because 'Government feared to produce distress by diminishing too much the means of remittance.'[131] In short, Hastings was treading the path of Minto for very much the same reasons, viz. stagnation of trade and funding of debt. But the absentee proprietors had meanwhile lost confidence. Victory in the Third Maratha War brought empire-building in India, so lucrative to capitalists, to an end. The resumption of cash payments in England made transfer of capital to that country more profitable. This had inevitable repercussions on the money market, which Hastings had so deplored in 1814, and on the Court, which he so clumsily tried to avert.

Hastings's revenue policy was no less muddled. Since he was convinced that retrenchment would render defence vulnerable, he set about augmenting the revenue resources so that a surplus would emerge sufficient to cover all territorial charges. The Bengal surplus had fallen to S.R. 1,06,59,012 in 1819 while Madras and Bombay had run into a deficit of S.R. 1,23,10,253.[132] Hastings's first thought was to increase land revenue by extending the Permanent Settlement to the newly conquered territories. This went against the trends in the Court's thinking for some time and Munro's experiments with the famous Ryotwari system in Madras. Its theory had been refuted in the Minutes and Reports of the Madras Officers, like Munro and Thackeray, and the *Fifth Report* itself. It roused opposition in a section of the Bengal Civil Servants, as it had done before in the time of Minto. Classical political economy, especially Malthus's theory of rent, later developed by Ricardo, provided a theoretical basis for this new thinking, through the revenue despatches drafted by James Mill. Holt Mackenzie's masterly memorandum of 1 July 1819[133] became, in Eric Stokes's words, 'the seed-plot of the revenue system adopted throughout northern and central India.' He equated the land revenue rights of the State with the right to enjoy the full economic rent, and at the same time warned against transgressing this limit and trenching 'on the necessary profits of Stock and Wages of labour.' He introduced the net produce criterion as a test to ensure that assessment did not wholly absorb the rent. The government resolution of 1 August 1822 set the seal of official approval on Mackenzie's views. A detailed survey settlement, aiming at discovery of the extent and productivity of the land, extent of cultivation, the aggregate payments made by the cultivators, the interest enjoyed by each ryot exclusive of past collections and other general considerations would form the context in which the net produce criterion would have to be applied.[134] Mackenzie recommended that the settlement of revenue should be made with the proprietors of *mahals* or estates. But as his enquiries had established the existence of several villages held in joint property, he advised government that the revision of settlement should 'in all cases be made village by village without, however, separate engagements being taken for each in extensive estates.' He wanted to secure the rights of village proprietors who were included in the estates of major

landholders. He recommended that for villages held as joint property, separate engagements should be entered into either with one or more principal parcener or with any manager to be elected with the consent of inferior shareholders. By 1833 a form of land system intermediate between the zamindari and the ryotwari came into effect. Whenever possible, it favoured corporate village groups rather than landlords, making these groups jointly responsible for payment of revenue.

Canning, under the influence of, and sometimes anticipating, the spirit of the time, concurred. Hastings was dissuaded by this determined stand but soon discovered other means of increasing the revenue. Thus Regulation II of 1819 provided for resumption of rent-free lands in certain circumstances[135] and Regulation VII of 1822 introduced the Mahalwari Settlement, which put the *jumma* very high.[136] Worse even, Hastings was persuaded by the Bengal zamindars, the Raja of Burdwan at their head, to approve by Regulation VIII of 1819 and Regulation I of 1820 a new system of tenure (called the *patni* tenure), which was in a sense more harmful than the Permanent Settlement because it entailed sub-infeudation.[137] Regulation XI of 1822, by clearly defining rights passed at revenue sale, helped the landlords further.

Hastings turned next to opium revenue which had been falling since 1817 and amounted to S.R. 68,95,041 in 1819–20, the lowest since 1813. The reason for this decline is not far to seek. With the average price of opium rising up to 1,300 dollars in China, 'the monopoly was now returning such huge profits as literally to beckon for competition.'[138] The provision of Bengal, Bihar, and Banaras opium had not been enlarged since 1801, when 4,800 chests had been decided upon, and the actual produce always fell short by several hundred chests annually. When the Company's output was being controlled for monopoly profits, the China market was expanding and the vacuum had been filled by Malwa and Turkish opium. This resulted in a fall in the price of Bihar opium from 1,300 dollars in 1817 to 840 dollars in 1818. The cheapness of, and high profits in, Malwa opium attracted small speculators at first but when large dealers, like Magniac & Co. and William Jardine, became interested in this clandestine trade through the Portuguese ports of Goa and Daman, in India, and Macao, in China,[139] it was time for the Bengal government to take a decision.

It had asked the Court to intercede on its behalf with the Portuguese government[140] and made an attempt through the Poona Residency to close the Maratha ports.[141] But Portugal would not listen, and the Court advised Bengal to increase production without affecting quality so that her opium could undersell the Malwa or the Turkish product.[142] It emphasized the need for improvement of quality, for, by 1818, the Company opium had been greatly debased and Malwa was equal to it.[143]

After the Third Maratha War the Central Indian and Rajputana states came under the British sphere of influence. The government at first considered the policy of calling upon the native princes to prohibit export of Malwa opium through their territories as well as of imposing high duties on its transit to the west coast. The former proved impolitic as it involved constant interference with the princely states. Hence, the government tried to augment supply, not, however, by encouraging production in Bengal but by buying out Malwa opium.[144] Malwa was to supplement Bengal production by 4,000 chests annually, and all surplus cultivation was to be suppressed.[145] As a second line of defence the government made treaties with native states which lay on the direct route to Daman and Diu. Unfortunately, the former plan ended in outright swindling of the government, and the latter left out some strategic states.[146] The special opium agent, Taylor (appointed in 1821), paid outrageous prices, drew on Bengal for 100 lakhs in one year, and promised unwarranted indemnities to the native princes. Speculation increased production which had been meant to be curtailed. The route of illegal transit was still profitable. Holt Mackenzie, Secretary to the Territorial department, noted with concern,

> If some arrangement for shackling the trade in Malwa opium be not adopted, I confess I see little chance of our being able to prevent such a fall in price as will render the possession of the monopoly in Behar and Benares of little value.[147]

Large exports to China started in 1820, 3,377 chests being sent in that year as compared to 2,435 chests in 1817.[148] Prices rose to S.R. 4,000 per chest in the Bengal sale of 1821. But it was all speculative in character, a result of furious competition among

capitalists seeking an outlet for their abundant idle capital. By 1823 the market could bear no more supply, the government no more loss. In order to increase revenue and help the opium traders, Hastings had chosen a wrong path which ultimately led to a total collapse of opium prices in 1823.

Guided by his imperial instinct and his appreciation of the private traders' point of view, Hastings did one thing which not only helped their cause far better than his opium policy but became the foundation of British supremacy in the Far East. He strongly supported Stamford Raffles's purchase of Singapore from the Sultan of Johore in 1819 against the pretensions of the Dutch and even the avowed policy of Canning to avoid trouble with them at all cost. In fact, it was Hastings who diverted Raffles's attention from Sumatra to the Malaya Peninsula. He insisted on assumption of the control of the Strait of Malacca by forming establishments at Achin and Rhio or, if that was not possible, at some station in Johore. Hastings in his official instruction to Stamford Raffles said, 'It is expressly to be understood, and it will be incumbent on you always to keep in mind that the object in fixing upon a Port of this nature is not the extension of any territorial influence but strictly limited to the occupation of an advantageous position for the protection of our commerce.'[149] Singapore was to be not only the free emporium of British and Chinese articles in the East Indies, so necessary after the Dutch reoccupation of Java, but the Malta of the East and the springboard of further commercial expansion towards China and Japan.[150]

Hastings's management of the salt monopoly aimed more at subsidizing the coastal traders than at helping the producers or consumers of salt, and ran counter to the Court's policy of bringing down the price of salt, without curtailing revenue, through larger production. The Court had declared, '. . . nothing is further from our wish than that the population of the country should be subjected to the alternative of paying extravagantly for one of the essential necessaries, of life, or for procuring it by clandestine and illegal manner'.[151] The government encouraged production by increasing the remuneration of the *molunghees* for surplus produce but when it found this injurious to the interest of the country traders, who earned freight for their vessels by importing coast salt, the surplus plan was abandoned.[152]

The average price of salt rose from S.R. 306. 11*as.* per 100 maunds in 1814, to S.R. 341 in 1818, and S.R. 418. 15*as.* in 1822.[153] The Court roundly denounced this policy of securing freight to the private traders at a loss of S.R. 54 per 100 maunds and at a prohibitive cost to the people.[154]

Hastings's financial policy came under the criticism of the Court just as his foreign policy did. No doubt he left Bengal finances in a better state of affluence. The increase of revenue, compared to 1813, was by no less than S.R. 2,40,87,808.[155] But the increase of charges was inordinate, the debt rose by £2 million, even after a large amount had been transferred to England,[156] and the funding operations lessened the resilience of the money market and brought in a flood of bills upon the Court. His government spent the Company's commercial profits (sent for the sinking fund) for general purposes and caused the territory's debt to commerce to increase by more than £2 million.[157] His Maratha policy was almost disavowed by Canning in Parliament and by the Court through Charles Grant, though it was acclaimed by Hume and Randle Jackson in the General Court. His policy towards the Calcutta Press was considered unfortunate. Lastly, his grave indiscretion in patronizing Palmer & Co. and in supporting their sordid transactions at Hyderabad brought on him the condemnation of both the Court and the Board and led to his resignation.

After William Fairlie had left Bengal in 1812, John Palmer made his firm the biggest agency house in Calcutta: He naturally wanted to cultivate personal relations with the new Governor-General whose agency he sought through Rear Admiral Sir Home Popham. He was somewhat dismayed when Moira entrusted his business to Alexander & Co.[158] But, undeterred, Palmer soon wormed himself into the confidence of the Governor-General. One of his many brothers, William Palmer, had been in Hyderabad for some time. Under the patronage of the British Resident, Henry Russell, even holding his office in the Residency grounds, he had been conducting clandestine monetary transactions with the Nizam for assignments on his revenue. He was removed from the Residency after word got round about the business and he tried to sink in obscurity the original money transactions. At this apparent ebb of his fortune, John Palmer took control from Calcutta. He drew up a plan to secure a posi-

tion in Wiliam Palmer's firm for Sir William Rumbold, 'a spring of fashion who has aided in the effort to dissipate the fruits of Sir Thomas Rumbold's avarice,' who had married Lord Moira's ward and come out with him to India and for whom the Governor-General had great affection. As John Palmer wrote:

> If such a man might by rational possibility find a corner in your establishment, I should venture to assert, that you would not, during the present administration of this Government, require the goodwill, as a *sine qua non*, of any resident on earth. Lord Moira may be easily reconciled to Sir William Rumbold's holding some official station at Hyderabad and which engenuity [*sic*] of Mr. Hy. Po. [?] could scarcely fail to contrive and fabricate, on such a gentle hint, as I could easily procure him. . .[159]

Meanwhile, since 1 August 1811, William Palmer had blossomed forth anew with a mercantile firm at Hyderabad, ostensibly speculating in timber, shipbuilding, and navigation of the Godavari but really conducting monetary transactions with the Nizam through his corrupt minister, Chundoo Loll. When, in 1815, Sir William Rumbold joined him (through the machinations of John Palmer), he came out in the open and secured a special licence from the Supreme Government that permitted him to trade with the native princes.[160] The proviso in the licence, that, on demand, the firm would furnish the Resident at Hyderabad full information on the nature and object of the transactions, was never acted upon as the Resident himself and his associates were deeply involved. By the spring of 1820 the firm had brought the old balances of William Palmer into the 'General Hyderabad account', got the Berar[161] and Aurangabad[162] contracts, lent the Nizam through Chundoo Loll, 52 lakhs at 25 per cent and squandered much of the Nizam's property in patronage and in princely allowances (mostly granted to themselves). In utter disgust Metcalfe refers to the 'abominable corruption which prevailed at Hyderabad . . . it tainted the atmosphere . . . the smell of it was sickening.'

Reports on these unsavoury proceedings and the relations between the firm and the Residency began to pour into Calcutta about 1818–9. The house itself was caught in an unenviable

position. Most of its debts would not be approved by a British court. They knew that, so long as Russell was at Hyderabad, no direct interference of the British government for the realization of their claims on the Nizam was necessary. But it was prudent to look to the future, as Russell would be retiring to England. In these circumstances the plan of the fictitious 60 lakh debt was devised. To set a false track, all connection with the Residency was discarded. Then Chundoo Loll, a tool in their hands, proposed a loan of 60 lakhs, stating that it was essential for the payment of the Nizam's creditors and other reforms of the State. The assumption was that the Palmers were prepared to lend the sum at a lower rate of interest than the *saukars* (the Indian bankers). The Resident recommended the loan without any scrutiny, and the majority of the Council, contrived by Hastings's own casting vote, sanctioned it in August 1820.

Chundoo Loll, in proposing the loan, did not specially mention Palmer & Co.'s name as one of the creditors to be satisfied, nor did Palmer & Co. reply to Chundoo Loll's cursory mention of their name in a pointed manner. No special reference was made to their old loans with the Nizam nor again to the exorbitant interest charged on them. As the new rate appeared to be 18 per cent which, with a bonus of 8 lakhs to the lenders, came up to 33⅓ per cent, it could only be imagined how high the interest on the older loans was! Hastings did not enquire into any of these relevant matters and, as a result, the firm was enabled to carry out a fictitious and fraudulent transfer of their existing and unauthorized debt of 52 lakhs at 25 per cent into a debt of 60 lakhs at 33⅓ per cent—the payment of which was more or less now guaranteed by the Company. Hastings had no idea of what was going on at Hyderabad and how precarious the Nizam's finance could be; otherwise, he would not have taken from him a gift (in return of the financial help afforded by the Palmers) to build a cathedral at Calcutta and to provide for other public works.

Before the new loan was pushed through, the Court had sent orders cancelling the permission given by Hastings to Palmer and Company to trade within the Hyderabad Residency. The Governor-General showed further indiscretion in challenging the Court's right to cancel the special licence on the ground that 37 Geo. III C. 142 did not apply to the firm as William Palmer

was not a British subject (he was a Eurasian). He even challenged its right to cancel any licence granted by the Governor-General in Council. The Board very pertinently pointed out that, if Hastings's interpretation was right

> One native partner in a British House of Agency would take the house out of their operation and, a licence once granted, the governing authorities at home would be, thenceforth, excluded from any control over measures which might be, in their view, dangerous to the character as well as to the interests of their Empire in India.

The exception in the Act and the dispensing authority of the Governor-General in Council did not make the local government co-ordinate with the Court except in an exigency when it was not possible to refer back home.[163]

These strictures were sent through the Secret Committee on 22 June 1820. Still not satisfied, Canning, in a private letter, castigated Hastings for taking the gift from the Nizam.[164] Hastings, however, remained obdurately prejudiced in favour of the firm until September 1822, though Charles Metcalfe, the new Resident at Hyderabad, had unearthed the fictitious nature of the new loan in 1821 and sent him enough proof of perfidy and fraud committed earlier. The Court and the Board by then had made up their minds and even Lord Liverpool 'had no doubt upon the controversy as it appears on the face of these papers that the argument, expediency and even propriety are against Lord Hastings's decision.'[165] The British authorities even cast aspersions on his integrity[166] and considered his recall. But Hastings had already decided to resign. On the first day of 1823 he left India, his record of glorious triumph clouded by an act of tragic indiscretion, his services to the British Empire almost forgotten in the babble of hostile criticism.

The edge of the Court's hostility was sharpened by the general attack on its remaining privileges that had started in 1819 and brought once again its affairs under the review of Parliament. The attack began even earlier in the General Court where the representatives of the private traders did not view favourably the recent increase in the Company's trade. Hume and Randle Jackson saw in it another revival of the Shipping Interest against

whose attempts to raise freight they had fought in 1816 and 1817.[167] On 18 March 1818 Hume accused the Court of carrying on trade at a great loss—the commercial charges it incurred being 25 per cent more than those of the private traders.[168] On 17 June Randle Jackson asked why the Company's shipping had been increased from 40,000 to 100,000 tons. When Britain entered into a period of trade depression in 1819, on the whole due to a reaction from the overspeculation of the war years, the shipping, manufacturing, and mercantile classes asked the same questions and claimed greater privileges than envisaged in the Charter of 1813. The most affected was British shipping, 'left without employment, in consequence of the peace, which the owners would rather employ, even if they can save the freight, getting nothing by the articles of trade.'[169]

This sort of petition was not new and Parliament had relaxed the Charter regulations before in the Circuitous Trade Act and the Malta Trade Act. A cry was now raised from London, Glasgow, Edinburgh, and Liverpool for permission to trade between England, America, the East Indies, China, and Europe and to trade in smaller ships, without the restrictions regarding licence, from port to port in India. The Americans again served as the villain of the piece,[170] and solicitude for British manufactures was most vociferously expressed. For instance, the manufacturers of Manchester, in a letter to the Prime Minister, referred to the distress among weavers caused by cessation of the wartime demand, prohibitive duties in America, and lack of proper returns from the East.[171] When the Committee of the Privy Council requested Canning to take up the matter with the Court,[172] Canning urged the latter to open coastal trade in India and tea trade to Europe, to establish a depot of Chinese goods in an eastern port or at least to supply China tonnage to the private traders.[173] The Court refused. It ascribed the present distress to over-speculation, rejected the proposal of a depot for Chinese goods on the plea of smuggling and agreed to allow China tonnage but not to take private supercargoes.[174] The whole affair was ultimately referred to Select Committees of both Houses of Parliament.

In analysing the evidence before the bar of Parliament it is amusing to find the Company and the owners of India-built ships make common cause against the British shipowners. After 1813

the latter's monopoly of coastal and country trade had been seriously challenged by the British private traders and shipowners, who engaged in port to port trade without any legal authority.[175] The country ships could not afford such low freight. Ships lay idle at Calcutta and less keels were being laid than before.[176] The British shipowners' open design on coastal trade and claim to employ smaller vessels[177] rang like a deathknell in the ears of the agency houses which had speculated in shipbuilding in Bengal. Similarly, it seemed to presage chaos in the Company's well-knit China monopoly and ruin to opium revenue (by introducing Turkish opium). Circumstances thus made the erstwhile antagonists bedfellows. Robinson and Reid, Chairman and Deputy Chairman of the Court, Charles Grant and William Fairlie (who had the largest stake in country ships) valiantly fought for India-built ships. Charles Grant frankly pointed out that the China monopoly was the cornerstone of the Company's present trade and the only way of profitable remittance of the Indian surplus revenue and that the country traders had always been the medium of remittance from India to China.[178] But there was enough evidence on the other side to show that the Americans, trading in smaller vessels and catering to the demand for British manufacture in the East Indies and for tea in Europe, had almost monopolized the coastal trade in India, the trade in tea with Europe, and trade in general among the East Indies.[179] The demand for British goods in India had greatly increased through fall of prices[180] and might be more profitably met if returns were obtainable from China. High price of indigo and cotton and the unprocurability of silk lent special strength to this argument.

The Foreign Trade Act[181] was passed on the recommendations of the Select Committee of the House of Lords which allowed trade between ports within the Charter limits and trade with ports in Europe or elsewhere in amity with Great Britain. The Select Committee of the House of Commons recommended repeal of the restrictions on the size of and grant of the right of port to port trade in India to the British vessels and opening up of the China trade or, if the Company obdurately stood on its Charter rights, occupation of a convenient port in the East Indies and arrangement with the Dutch Government for fair and equal access of British traders to that region.[182]

The British government proposed to give effect to these re-

commendations in the East India Trade Bill. In 1814 the British shipping interests had prevailed on Lord Liverpool to deny full privileges of British registry to country ships. In 1821–2 they prevailed on him again to propose discriminatory legislation against such ships. At Liverpool's instance, the Board wanted to extend to the British ships the right to trade between India and the British colonies and asked the Court to waive its limitation on the size of vessels.[183] The Court in return bargained for the same privileges for the country ships and for moderation of the duty on Indian sugar.[184] When the Board declined, it referred to high tariffs on Indian goods in the colonies and pressed for some countervailing advantages.[185] The General Court on 19 June 1822 stoutly opposed the Board's proposals but the Chairman expressed his helplessness in view of Lord Liverpool's decision to protect the West Indies sugar interest.[186]

Though the bill was dropped in 1822, all the elements of a future conflict were there. The private traders, one of the causes of whose distress was certainly over-speculation, laid their failure at the door of the remaining commercial privileges of the Company. The limited rights given by the Charter of 1813 had only whetted their appetite for more. They had been able to acquire 38 per cent of Bengal's import trade while the Company had another 3 per cent. But while they had won about 19 per cent of Bengal's export trade, the Company controlled no less than 17 per cent. In fact, the Company's growing remittance trade from India had reduced their share in the five years between 1817 and 1822 from about 30½ per cent to 19 per cent. Although the total trade with Britain far surpassed trade with any other part of the world, the British traders' difficulties were the foreign traders' opportunities. What a limitless vista of profits would unfold if the private traders could go to China or the East Indies, if they could dump their unsold goods there and procure returns more cheaply than the rising prices of Indian goods would allow![187]

Monopoly profited by concentration but free trade would either cover the widest possible range of markets or die of atrophy. The dynamic of machine-production demanded a continuous expansion of the scope of trade. The abundance of capital in Bengal added to the pressure. It alternatively sought opportunities for trade and investment and found the former barred by

the Company's remittance trade and the latter by the law against European ownership of land. They were two aspects of the same question. Only by long-term investment in the cash crops of India—particularly indigo at this juncture—could a profitable remittance of private fortunes be insured. The Europeans had so long evaded the letter of the law by holding land in the names of their native *gomasthas* but the evasion caused great inconvenience before the law courts, encouraged intransigence of the cultivators, and made the planters a prey to the demand for higher rents from the zamindars. The transit and town duties in India and excessive import duties in England came in for criticism also, as they imposed an intolerable burden on the private traders. The logic of free trade demanded not only the end of the China monopoly but free and unfettered investment of capital in Indian raw materials and free and unfettered transport from the place of production to the place of consumption.

The new philosophy of free trade was admirably summed up by Rickards when he said before the Select Committee of the House of Lords,

> it is obvious that it will be far better for the Indian to raise cotton than to spin and weave it, when he can procure the manufactured article he wants cheaper than he can make it, by exchanging it for the raw material.[188]

Bengal's system of production was now completely geared to the needs of industrialized Britain, and her economy prospered or decayed according to the fluctuations of the London market. The returns of internal trade between Calcutta and other parts of India clearly evince a growing trade[189] but it was trade in raw materials which increased the value of land.[190] This naturally explains the similarity of outlook of the Indian landlord-cum-bourgeoisie like Raja Rammohun Roy and Dwarkanath Tagore and the British private traders. Both desired free import of capital and skill from England for further development of raw material resources. They received the sympathy of the utilitarian administrators of Bengal, at the head of whom was Lord William Bentinck himself. The abolition of the Company's China monopoly and the Indian remittance trade was a consummation de-

voutly wished by the British as well as the Indian middle class. The latter had found out a more realistic and, in the circumstances, more progressive *modus vivendi* with foreign rule where the princes had failed so ignominiously in 1818.

# 5

# The Fall of the Agency Houses

THE private remittable capital of Bengal, after years of accumulation caused by over-speculation in import, and stagnation of export, found some channel of remittance in 1822 through the Company's financial operations. The conversion of the remittable debt in that year led to a transfer of capital to England which the Bengal government tried to provide for by an enhanced investment and export of bullion. Paradoxically, this action came into conflict with private trade, and capital was still abundant and commercial prospects were gloomy when the Marquess of Hastings left India on 1 January 1823.

John Adam became the acting Governor-General, pending Lord Amherst's arrival. He was 'the honest Adam' who had supported Charles Metcalfe so bravely in the Bengal Council during the discussion on Palmer & Co.'s transactions in Hyderabad. With the help of Holt Mackenzie, Secretary in the Territorial Department and an adherent of the utilitarian doctrines which had begun to percolate into India, Adam devised certain measures to meet the twin chronic demands of the agency houses for cheap capital and of the private traders for profitable remittance.

They adopted a cheap money policy to provide cheap capital. It had two aspects: firstly, reduction of interest on the public debt, which would automatically bring down the market rate, and secondly, a new charter for the Bengal Bank which would allow a more liberal expansion of credit. A flourishing state of revenues and large cash balances enabled them to liquidate a part of the non-remittable debt of 1821 and convert the remainder into a 5 per cent loan.[1] The Court would have preferred the application of the resources of Bengal to the reduction of the

remittable debt or the reduction of the rate of exchange allowed on such debt because these affected the home finances. Non-remittable debt was innocuous in this sense and for political reasons clearly preferred by the Marquess of Hastings, and the British authorities did not want any interference with it. The Court would have further liked a repayment of the debt which the territory owed to commerce—£2,787,575 by 1823–4—either by larger investments or by export of bullion.[2]

The government sent 42 lakhs in specie and promised to remit another crore in 1824[3] but considered itself rich enough to tackle the debt simultaneously.[4] The conversion operation was successful. Many creditors were forced by the abundance of capital and high price of indigo to agree to the reduction of interest, particularly when the government promised not to reduce the rate in the near future and held out the hope of remittance through interest bills at 2*s*., subject to the Court's approval.[5] The government proposed for the Bank of Bengal that there should be augmentation of capital stock, increase of note-issue to four times the capital, and reduction of the proportion of securities and gold reserves to notes from one-third to one-fourth. While the first would enable it to absorb some superficial wealth seeking investment, the last two would enable it to pursue a more flexible policy of accommodation to the agency houses and to relieve pressure on the money market when the government borrowed heavily.[6]

To facilitate private remittance through trade Adam decided to reduce transit duties and even suggested their total abolition, which would help the growth of a national market. The Court had desired as early as 1814 that internal duties should not have the effect of diminishing consumption or of materially obstructing the free movement of articles inside the country.[7] Hastings, who was hard pressed for revenue, could not pay any attention to these noble sentiments. Adam, following his utilitarian principles, was roused to write a powerful Minute.[8] He not only asserted the necessity and justice of lowering the transit duties of 7½ per cent on Bengal piece-goods (while the British cotton manufacturer paid an import duty of 2½ per cent only and even the Oudh cottons, a transit duty of 2½ per cent) but advised their total relinquishment, especially in the case of raw materials. Town duties he was not yet prepared to forgo but he pre-

ferred applying such revenue to local improvement while the earlier policy had been to apply it to general purposes. In this he only underlined the necessity of inaugurating a public works programme which, by improving communication and facilitating transport, would help capitalist development. Adam was backed by Holt Mackenzie and Charles Metcalfe. Transit duties on piece-goods were reduced to 2½ per cent and *sayer* duties were abolished in the Delhi territory. Though the measure left much to be desired, at least the first step had been taken in the direction of freedom of internal trade.[9]

The debt policy of the government achieved the aim of securing cheap capital for the agency houses. For the first time in their history they could get plenty and at less than 8 per cent. But this process accentuated some old evils and created new ones. The capitalists became nervous about the future intentions of the government and the forced payments of about £4,640,000 added to the abundance of the capital market. Remittance through trade was more difficult in 1823. Exports declined by a crore in official value—not so much to the United Kingdom as to France, America, and China. There was no trade with Portugal at all, though trade with Brazil and South America increased.[10] To the factors already in operation—fall of demand for piece-goods and raw cotton and the abnormal rise of indigo prices (Rs 312 per factory maund in 1822 and Rs 277 in 1823)—the decline of opium trade was added. The improvident Malwa opium policy of the Bengal and the Bombay governments had led to over-production of both Bengal and Malwa opium, excessive supply to the China market, and an ultimate collapse in 1823. Moreover, out of the actual surplus exports of 416 lakhs the Company claimed as much as 200 lakhs, leaving a large amount of remittable capital desperately searching for profitable investment. Exchange fell to 1*s.* 11*d.* as demand for bills grew. Land and government securities rose in value—premium on the remittable debt to 39 per cent and on the new 5 per cent debt to 12¾ per cent in December 1823. The agency houses were pressed with deposits for a little more than what the government gave.

John Crawfurd made an attempt to calculate the proportions of these deposits. The salaries of the European civil and military officers in Bengal amounted to £2 million

> Induced by the higher rate of interest paid in Calcutta, and the greater supposed security of investment trade, the civil and military officers of Madras and Bombay also invested their funds, to a considerable extent, in the Calcutta houses.[11]

This amounted to another £2 million. Successful European shopkeepers, tradesmen, planters, shipowners and shipmasters deposited their savings in these houses which, moreover, drew largely from Indian sources. The agency houses allowed 10 per cent on deposits and charged 12 per cent advances, besides a commission.

They made great profits 'which enabled the partners to retire to Europe from time to time, with fortunes of £100,000 or £150,000 each, sometimes indeed of a quarter of a million, or even half a million.'

The agency houses thought it opportune to utilize such cheap capital in expanding their indigo concerns. They were tempted to start an indigo boom, as indigo still commanded very high prices, being almost the sole means of private commercial remittance. A study of official records shows that the largest number of individuals came out to India to join indigo concerns between 1823 and 1825. The Europeans naturally demanded the right of ownership of land so that they could use their capital and skill with greater effect and to larger profit. The new Governor-General, Lord Amherst, passed Regulation VI of 1823. This regulation enabled the planters to recover advances with interest by a summary suit from the indigo crop on which they could now set a police watch until the Court made a decision. In 1824 another concession was made to the European capitalists which was to have an important bearing. By the resolution of 7 May 1824 the government allowed them to lease land for coffee cultivation, though under adequate safeguards. Besides hectic speculation in indigo and coffee, the old agency houses invested in shipbuilding, breweries and distilleries, clearance of islands, coal mines, rice mills, flour mills, cotton mills, and saw mills. Most of these speculations were improvident. অমিতব্যয়ী

The government, however, forgot to consider that, whenever it would be forced in a future emergency to pay a higher interest, the adverse reaction would affect the agency houses first.

Such an emergency arose during the Burmese War which began on 24 February 1824, for causes similar to those of the Nepal War. The rapid expansion of the Burmese power over Manipur (1813) and Assam (1816) brought it into perilous contiguity with the Company's possessions, and when Amherst took Cachar under British protection in 1823, a direct contact was established which soon degenerated into raids and counter-raids across the border. Foiled in obtaining fugitives, the Burmese sent troops with orders for capturing Calcutta. They made an attack on the Company's garrison which had occupied Shahpuri island near Chittagong. When the demands for redress were ignored, Amherst reluctantly declared war

Ignorant of the difficulties of military action in the swampy terrain of Burma, indifferent at first to the problems of supply and commisariat which were the backbone of an overseas operation, the government fondly hoped for a quick decision. Victory in Assam seemed to raise expectations. But Campbell's expeditionary force was soon bogged down after reaching Rangoon and suffered terrible privations during the monsoon. Nobody was prepared for a long campaign or contemplated its effects on public finance. To meet the fast increasing military charges as well as the usual demands from China and Bombay, the government was forced to suspend consignment of the promised bullion to England, to sell bills to private traders at 1*s*. 11*d*., to stop all public works and, then, to open a loan at 4 per cent with option of remittance of interest at 2*s*. during the Court's pleasure and irredeemable without the parties' consent before 30 April 1830.[12]

The sop of remittance did not hold much attraction, however, and the capitalists in a body, restless for a higher return, showed a disposition to engage in hazardous investments. Although there were spectacular inflationary movements in England and something like stockpiling of raw materials, trade was slack. Increase of exports to England was offset by a similar rise in imports—mostly cottons and spelter—and country trade continued to decline as before. Although trade with France and the United States was a little better, Lisbon, Brazil, and other parts of South America took very little. Supplies to Burma artificially inflated trade with the Coasts, but trade with the Gulfs languished.[13] Out of the actual surplus exports of Rs 371 lakhs the Company claimed 135 lakhs. It had been buying indigo on a large scale for

some years, ordering about 40 lakhs on the average, as it seemed to be the only means of paying the interest bills and gave a remittance of 2*s.* 1½*d.* It virtually prevented private speculation in silk by ordering as much as 7,000 bales worth 73½ lakhs. Bereft of remittance through trade and reluctant to remit in bills, which went down to 1*s.* 10½*d.*, the private British capitalists were caught by the agency house at their weakest moment. The latter could dictate as low an interest as 6 per cent and then invest everything in indigo. They lavished the marginal concerns with advances and new firms began to sprout like mushrooms all over the presidency. This eventually led to bitter rivalry, constant squabbles, and even armed conflicts between the neighbouring planters. The full blast of the indigo boom fell on the peasantry of Bengal.

The continuation of the Burmese War in 1825 brought about a fall from this borrower's paradise. As military charges rose over Rs 5 crores, surplus revenues of Bengal fell in 1824–5 to S.R. 31,93,522, and the Indian revenue showed a deficit of S.R. 1,47,64,833.[14] Over and above a full investment of S.R. 1,45,47,372 Bengal had to supply China with S.R. 70,09,722 and to meet the needs of Bombay, whose deficit passed a crore, and of Madras which showed a deficit of 50 lakhs. In order to avoid loans at a higher interest out of a solicitude for the agency houses, the government asked the Court to replace bullion which was being rapidly drained away to Burma.[15] The decline of bullion imports for some years increased the scarcity of silver and government securities exhibited a downward trend, premium falling to 32 per cent on the remittable debt and to 2½ per cent on the 5 per cent loans. Ultimately, on 19 May 1825, the government resolved to float a 5 per cent loan to which 4 per cent loans of 1824 could be subscribed if the creditors also lent an equal amount in cash.[16] The same remittance of interest at 2*s.* was granted. Though the loan promised to be successful, the turn of the money market precluded any further borrowing by the government without seriously affecting the agency houses. The latter had already been forced to pay 8 to 9 per cent again, as their constituents opted wholesale for the government loans, the terms of which were better than before.

In truth, however, if the war shall unfortunately continue it

> may become impossible for us to raise the necessary supplies at anything like 6 per cent, if at any legal rate, and to suspend civil allowances and curtail the provision of the investment may become measures of absolute necessity which however much we may deplore we may have no option of averting.

The government suggested borrowing in London, where interest rate was considerably lower, and 'it might be regarded as affording a desirable opening for the employment of superabundant capital which appears to be seeking channels the most remote and precarious.'

Determined to oust Amherst and caring little for the agency houses, the Court did not lend its ear to this proposal. On the contrary, it asked Bengal to make arrangements for payment of the Deccan prize money. The only concession it made was an authority to draw bills on account of public service.[17] The government, therefore, fell back on its old ally in distress—the Vizier of Oudh—for the much-needed Burma supplies. The Vizier was persuaded to lend a crore at 5 per cent on the condition that the government would pay his stipends. 'There appears,' wrote Amherst, 'to be no difficulty in letting them [the native princes and zamindars] know that the act must be entirely voluntary although it will be received as an indication of attachment and as constituting in a certain degree a title to consideration in matters of pure grace and favour.'[18] Sophistry could go little further.

The Oudh loans, treasury notes at 6½ per cent and local levies saw through the Burmese War which came to a victorious conclusion in February 1826. Though the British government had warned Amherst at the beginning that 'No increase of territory is to be made,'[19] it asked him in 1823 to safeguard the Company's eastern frontier by the acquisition of Assam, Cachar, Manipur, and Arracan.[20] By the Treaty of Yandabo Amherst exacted from the King of Burma all these territories to which Tennasserim, Jaintia, and an indemnity of £1 million were added. Victory in Burma almost coincided with Lord Combermere's successful reduction of the fortress of Bharatpur in vindication of Sir David Ochterlony's policy towards the state of Bharatpur. The throne

of Bharatpur had been usurped by the cousin of the minor ruler chosen by Ochterlony.

But the end of military engagements brought no immediate respite. Extra *batta* for the troops, who served in Arracan and Ava, swelled the military charges of 1826. Durbar charges went up as the mission to Ava was added to the mission in Persia. Bombay was as extravagant as before. Bengal revenues were deficient by S.R. 1,12,86,416, and the Indian deficit rose alarmingly to S.R. 2,90,78,680.[21] Bengal debt bearing interest, £23,620,967 on 30 April 1825, had increased to £29,305,395 in one year, and, in order to continue European investment on the old scale (S.R. 1,69,67,193 in 1825–26), the government was forced once more to borrow 50 lakhs from the Vizier.[22] It had twice refrained from applying to the money market to save the agency houses from an inevitable rise in the rate of interest.

Its tender considerations for the agency houses could not achieve this end, however, and they appealed to Holt Mackenzie for assistance on 24 May 1826.[23] They were now paying an interest from 15 to 18 per cent, and even 24 per cent in some cases. The ordinary rate for loans on deposit of securities was 12 per cent. Goods in demand were unsalable for want of cash. The immediate cause was the government's 5 per cent loan, which was still open and attracting the capitalists, who hoped for a high premium after peace. The agency houses had invested cheaply borrowed capital in permanent objects like indigo, cotton, screws and docks. 'These united resources have enabled them to promote the development of British industry elsewhere, to support establishments in Penang, Malacca, Java, Sumatra, China, Manila, New South Wales, the Cape of Good Hope, Mauritius etc. and even to aid the financial difficulties of the Java Government.' Moreover, they had lent on a large scale to the Company's servants. Such capital could not be readily realized in an emergency.

> Our means may be most extensive, our business solid and productive . . . yet the sudden demand of our constituents excited by a particular impulse may far exceed the power to answer them. They have already withdrawn from our circulation full a crore of rupees for investment in the loan, and we have indirectly been deprived, by the same cause,

> of resources perhaps to the extent of another crore. . . . The shroffs are themselves crying out for relief.[24]

As evidence they produced a letter from the shroffs to John Palmer, dated 22 May 1826, which complained of a scarcity of specie caused by the 5 per cent loan, higher exports in the last three years, smaller imports, particularly from America and China and very inadequate aid from the Bank of Bengal.[25] The six principal agency houses wanted as measures of relief closure of the 5 per cent loan, issue of treasury notes upon competent securities at long dates, and grant of a loan.

A greater facility of remittance through trade to England, consequent on a speculative purchase, of raw materials by the British manufacturers, and continued stagnation of country trade in 1825 contributed to this distress. The former added to the difficulty of obtaining capital and the latter led to a great loss on opium.[26] Holt Mackenzie realized this and proposed to grant a loan of 20 lakhs payable by 12 December 1826, suspension of cash subscriptions to the 5 per cent loan, and a greater accommodation by the Bank of Bengal.[27] But he could not rest content with such a superficial palliative. The key to the crisis he found in the various artificial obstructions which impeded the internal and external trade of Bengal. In a powerful Minute he wrote with the draft of Regulation XV of 1825 (Customs), he condemned the transit duties as

> a complex and burthensome system, which divides the different provinces of the country from each other, exposes the merchants to numerous detentions, frequently vexatious and expensive, and subjects the Community in general to the hateful requisition of a host of petty Tyrants.

This Minute anticipated Charles Trevelyan's famous report of 1835. It showed how internal customs prevented the formation of a national market: 'No interchange of goods can take place between districts separated by a line of *chokeys,*[28] unless the difference of price shall cover not only the export of transportation and the other charges of merchandise but also the duty of 5 or 7½ per cent levied by Government.' Contrary to current canons of taxation, the burden fell on those places where the

consumers would have to pay most. Production was checked by the impossibility of division of labour and the narrowness of the market. The small capitalists were driven out by the big ones who could pay duty as well as perquisites to the customs officers. Holt Mackenzie was convinced that the transit duties could be abolished without any considerable sacrifice (say, about 22 lakhs), and though this could not be immediately made good by an increase of sea customs, 'a considerable part may certainly be so, and in as much as the proposed arrangement will operate, as I hope, to extend trade, and will enable us to reduce establishments, the balance cannot be reckoned as a net loss.'[29]

Another, and a far greater, statesman, Huskisson, was writing the principles of free trade into the laws of England at this time, and we should consider their respective measures as complementary. Huskisson's tariff reforms were based on the belief that unrestricted internal and international competition would best serve the interests of the British manufacturers and consumers. If England's lead in industrial production was to be clinched and the new world of Canning was to redress the economic balance of the old, free trade was imperative. Under conditions of relatively full employment and a boom in trade the manufacturers could afford to be liberal in trade policy. They were more anxious to secure raw materials like cotton, silk, and indigo than to prohibit Indian manufacture which had already been beaten in quality and cost of production. They had been carrying the machine-made twist and yarn to India since 1824, the rapid growth of which soon threatened the native hand-spinning industry.[30] As Halevy says, the tariffs on Indian cottons were tariffs 'on the void, and protected England against a non-existent competition.'[31] By several acts in 1825 duty on cotton manufacture, including the prohibited goods, was reduced to 10 per cent *ad valorem,* on indigo to 3*d.* per pound, on silk to 1*d.* per pound and on cotton to 6 shillings per 100 pounds. Huskisson, however, failed to persuade the Spitalfield silk manufacturers and the West Indies sugar interest to allow a reduction of duties on Indian wrought silk and Indian sugar. The former, though allowed to be imported for British consumption,[32] was subjected to a duty of 30 per cent and sugar still bore a duty of £1.17*s.* per cwt.—10 shillings more than the product of the West Indies.

The private trade interest, which now dominated the Court,[33]

had been trying since 1822 to bargain for a lower duty on sugar in return for their agreement to the proposed East India Trade Bill. Wigram, the Chairman, Sir Charles Forbes, a prominent private trader, and Henry St. George Tucker, the famous financial adviser of Wellesley and Minto, fought for Indian sugar with great zeal. In a memorial Tucker showed how the duty on Indian sugar amounted to 200 per cent on prime cost and how the injustice of the additional ten shillings per cwt. to protect West Indies sugar, was aggravated still further by indiscriminate levying of another 5 shillings payable on clayed sugar that India seldom produced. While the new colony of Demerara profited by this protection, the old Indian possessions languished for return, and the Company had to remit bullion at a loss.[34] 'We deliberately tell our Asiatic subjects,' he feelingly wrote to Huskisson, 'that they must receive and consume whatever we are pleased to send them, but that with some few exceptions, we will receive nothing from them in return.'[35] More absurd, England expected a tribute and a remittance of private fortunes amounting to £4 million annually, that could only be paid in Indian produce, which was excluded. It was unjust, impolitic, and unprofitable 'to place restrictions on one colony or dependency, for the benefit of another.'[36] Charles Grant joined Tucker in this appeal.[37] The private trade interest tried to raise the question in parliament without effect as the government supported the West Indies planter interest. But it was due to this timely intervention that the protective additional duty was not further increased to 12*s.* 6*d.*, as had been determined in negotiations between Lord Liverpool and the planters on 3 April 1821, on the ground of reduction of freight from India. When Charles Ellis complained that Huskisson was not proposing greater protection against Banaras white sugar, the latter firmly pointed out that he not only felt 10 shillings enough protection but that the extra 5 shillings should be altogether dropped.[38] 'With my own conviction that the tendency of monopoly is over-production, which often made it a curse instead of an advantage to those for whose benefit it is conferred. . .', Huskisson refused to comply and even warned the West Indies sugar interest, which had 'a most difficult game to play and I should fear, a losing one.' In 1826 Huskisson followed the same compromise. The duty was

reduced from £3.3*s*. per cwt. to £1.10*s*. but the discriminatory ten shilling difference remained.

Unfortunately for the free traders, Britain fell into the trough of an economic depression before the healthy effects of the new tariff laws could be felt. The industrial and commercial booms of 1824 and 1825 were based on cheap credit, created by the provincial banks, and on hazardous investments caused by the government's policy of debt-conversion.[39] Inflation raised the price level and discouraged exports. The furious promotional activities in cotton manufacture in Britain and the South American projects ended in the stock exchange panic of September 1825. The price of cotton fell after a year-long attempt of Lancashire to corner the crop. The banks tried in haste to withdraw their advances to the marginal factories and, failing, stopped payments in October and November. The result was at once reflected in the fall of import indexes and a persistent and increasingly vehement demand for a wider scope for exports. As Finlay testified before the Committee on Manufactures, 1833, the cotton manufacture had greatly expanded during the boom years.[40] Introduction of new techniques, fall of price of machinery, and competition with newly created factories had effected large reduction in costs. Fall of prices necessitated an increase in the volume of exports to obtain the same value as before. This was true of the iron and shipping industries between 1826 and 1832, as Samuel Walker testified before the same Committee. To yield a moderate amount of profit required extraordinary demand for British manufactures abroad which was not forthcoming. The depression continued, therefore, for years after 1826 with temporary recovery in certain sectors in 1827 and 1830.[41] It is no wonder that under these circumstances the Company's remittance trade with India and monopoly of China trade would be bitterly attacked by the manufacturing and the shipping interests.

The first effect of the depression was the fall in raw material prices.[42] Since Bengal had the largest amount of trade with Britain by the twenties, the fall in prices of Bengal produce in Britain severely hit the Bengal economy. The blow came at a time when she was experiencing a scarcity of capital, a stagnation of the country trade, and a decline of trade with Europe and America. On top of the difficulty of withdrawing capital from

the marginal indigo factories, to whom they had lent prodigally in 1824 and 1825,[43] the agency houses now faced the impossibility of realizing proper returns from the produce raised on that capital. Private exports to Britain had an ominous fall in 1826 which stood out in marked contrast to the speculative rise of the previous year. Official value of indigo exports to U.K. fell from S.R. 1,29,45,734 to SR. 90,08,479. Imports from America fell by more than two-thirds and exports by more than three-fourths. Though the China market looked up a little and opium exports showed an increase of 26 lakhs, little bullion came in return. Bullion import on private account was the lowest since 1815—most of it was on public account, the tribute from Burma.[44] Scarcity of money in Calcutta was oppressive, and the indigo bubble was about to burst.

Impervious to the actual situation in Bengal, the Court asked for a supply of Rs 2 crores to meet obligations on British treasury, to be raised by loans payable in Bengal.[45] The government declared its inability in the prevailing condition of the money market:

> A million suddenly thrown in, or suddenly withdrawn by a loan operation here, will make a difference more sensible and immediate than many millions in London and the entire extent of capital that can be made available is so small that although by raising our terms we drive the merchants to offer much higher and depreciate all existing securities by creating in the holders a strong desire to convert fixed into available capital: an influence that acts with a pressure ruinously elastic, we yet should not much extend the funds we could by any means from the public.[46]

The mercantile distress had been further heightened by the failure of indigo crops and contraction of note issue by the Bank. Palmer & Co., on behalf of the Calcutta houses, asked not only for the postponement of repayment of the earlier loan but for additional accommodation.[47] The government postponed the date. On 19 December some of the agency houses, who did not apply for relief last May, asked for a fresh issue of treasury notes. The government again came to their help by purchasing 40 lakhs of indigo on treasury bills.[48] Scarcity of cash began to affect the

value of securities and interest bills. Large balances plagued the salt department, and opium sale had to be postponed.

In this financial crisis, when all efforts should have been made by the partners of the agency houses to keep up their credit, exactly the opposite was done. They began to withdraw a large portion of their capital to England. This had happened before. 'No sooner does capital accumulate from successful trade or agency than it is carried home by the possessors in the same manner as the accumulated savings of your servants.'[49] But the withdrawal was never sudden. It was spread out and often followed by re-investment. The rapid changes in the money market, the terms of the late loans, and the decline of trade in general no longer produced such reactions on the part of the retiring partners. The Palmers fared the worst. Four of their partners withdrew their capital almost simultaneously, one Brownrigg alone taking 8 lakhs with him.[50] When the agency houses in their turn tried to realize their loans to the marginal concerns, the latter had to give up business for lack of funds. The failure of the indigo crop in 1826[51] and decline of indigo prices in London led to the bankruptcy of some of the biggest planters in Bengal like Davidson & Co. and Mercer & Co., which caused a further fall of price and a crisis of confidence among the Indian community to whom they were heavily indebted.[52] Many Indian houses failed in a chain reaction,[53] and a panic started in the bazaar about the solvency of the agency houses.

The failure of the planters affected the six principal houses who were their largest creditors. Out of a total of 2 crores annually invested in Bengal indigo, they contributed no less than 160 lakhs. They found great difficulty in realizing their loans by sale of the mortgaged property (mostly factories), which was neither easily saleable nor would fetch reasonable prices. Moreover, if at least the good concerns were to be kept going, advances had to be made in proper time for which no capital was forthcoming unless the government afforded aid. Their promissory notes were worthless, being at a discount of 15 to 20 per cent. They appealed, therefore, to the Board of Trade on 6 March 1827 to revive the earlier plan of advances to the indigo manufacturers on contract or actual consignment. H. T. Prinsep, in a Minute of 9 March 1827, noted with concern the possible effect of the failure of the agency houses on the savings of a

large number of the Company's servants and, apprehending one failure would upset the applecart, recommended an anticipated payment of the Deccan and the Bharatpur prize money and advances on bond repayable by indigo.[54] The Board of Trade, in its Minute of 22 March, referred to the late French competition for Bengal indigo and advised monopolizing that article on behalf of the Company which would help the agency houses at the same time. Ultimately the government resolved to afford assistance on bonds but not as advances on contract for indigo, which had been forbidden by the Court. Indigo was to be accepted as a security for the loan which it granted to the extent of 20 lakhs.[55] The evil was, however, too deep-seated to be removed by such a temporary palliative. The agency houses were financially very unsound and open to blasts from all quarters, commercial or financial. We would soon find Lord William Bentinck trying heroically to avert the second phase of this indigo crisis, only a year and a half later.

Although it did not hesitate to solve the problems of others, the Bengal government had its own worries. The expenses of the Burma War were carried considerably beyond its close. There was very little surplus in Bengal in 1826–7, and military charges stood at S.R. 5,54,55,794.[56] To supply an investment of S.R. 1,90,78,671 and to meet the usual demands of Bombay, Madras, and China,[57] the government had to take loan. Unwilling to compete with a distressed public, it took recourse to political loans—about 80 lakhs from Sindhia and 20 lakhs from Patiala.[58] Not only was no provision made to supply the Court with a crore in specie[59] but its restrictions on the proposed charter of the Bengal Bank (despatch of 6 September 1826) were disobeyed, as export of so much bullion and imposition of limitation on the Bank's note issue would aggravate mercantile distress.[60] It was only the Vizier's request to make his loans permanent that enabled the government to send a meagre remittance of 34 lakhs on the Deccan prize and debt account.[61]

The financial situation steadied a bit towards the end of 1827, following a mild recovery in England and China. Imports from the former reflected the urge of the cotton manufacturers for greater sale even at low prices—cotton twist and yarn alone rising to S.R. 18,42,110. Total exports went up by 83 lakhs, 53 lakhs of which went to England.[62] But of the actual excess of

exports—457 lakhs—the Company claimed about 220 lakhs, mostly in silk and indigo, purchased from the agency houses to afford them relief. The Court insisted on repayment of the territory's debt to commerce. The government was thus forced more and more to compete with the private traders for Bengal goods, sometimes at a loss. Plain cotton piece-goods were no longer indented for. About 10 lakhs in Cossimbazar silk cloths and Santipur coloured cottons were all that remained of its once famous trade in Indian fabrics.[63] But the value of raw silk indented for had risen from 73 lakhs (1825) to 84 lakhs (1827),[64] though it fetched only a remittance of 1*s.* 9*d.* in 1826.[64a] Huskisson's reforms had opened the British market to foreign silk manufacture, and the Spitalfield interest was now dependent on abundant and cheap supply of Bengal silk. Sugar was increased from 2,500 tons (1825) to 4,000 tons (1827), in spite of the fiscal preference for the West Indies product; cotton from 42,000 bales (1825) to 54,000 bales (1827).[65] Indent for indigo was raised from an average of 40 lakhs in 1825 and 1826 to 60 lakhs in 1827,[66] to meet the demands on its British Treasury.

Larger investments in indigo helped the agency houses but those in silk did not. Their London correspondents, under the leadership of Fletcher, Alexander & Co., had appealed to the Court against infringement of the spirit of the 1813 Charter Act and prayed for annulment of Regulation XXXI of 1793, which made a distinction in favour of advances to the *pykars* and others made by the Company and which was thoroughly exploited by its Commercial Residents to obtain preference for their own silk business. The private traders could make no headway against these odds. The Company's increasing demand in recent years had, moreover, raised the price of silk which was further affected by a keen competition among neighbouring Commercial Residents to engross the produce of the locality at each other's cost.[67] The Court itself was roused from indifference by this extraordinary rise in costs and orders were sent to keep down prices to the 1816 level and to remove the private traders' grievances.[68] The government believed in free trade more than its commercial servants and, strengthened by this order, denied them unrestrained expansion. The silk districts were divided into three circles, one price was to rule in each. The Commercial Residents were strictly forbidden to poach on one another, and new rules were made

providing for summary process of recovery of balances accruing, consequent on actual advances to the producers. This was in line with the facilities already granted to the planters in 1823, though not so severe.

The Bengal finances had not recovered from the effects of war when Amherst left India in March 1828. Revenue from the Burmese cessions, the Ava subsidy and the larger opium sale of 1827–8 had provided some fillip, but charges were very high.[69] Military expenditure was over 4 crores. Bombay drew for about 1 crore and 44 lakhs and Madras for 53 lakhs. The deficiency of these presidencies converted the Bengal surplus of S.R. 1,17,21,163 into an Indian deficit of S.R. 1,18,59,541.[69a] To supply an investment of S.R. 2,14,26,811 and meet its other commitments, Bengal had to incur a debt of S.R. 3,31,84,254 in 1827–8. The situation was grave. The government was forced to stiffen rather than relax its monopolies and to postpone liberalization of its customs policy as suggested by Holt Mackenzie. While the Court expatiated on the high price of salt[70] and urged reconsideration of the government's policy of fixing a revenue and then securing it irrespective of the rise of price, the government pottered with the idea of paying a few annas more to the *molunghees* for extra produce and did not dare reorientate its salt monopoly in the consumer's interest.[71] The government clung to the Malwa opium monopoly for a similar reason. It had taken the Malwa agency in its own hands since 1823 and, under the new policy of Holt Mackenzie,[72] had given the Indian chiefs an interest in the venture. High prices were given to the cultivators and heavy compensations to the native chiefs of Udaipur, Kota and other places under treaties stipulated with them in 1824 for prohibiting cultivation of poppy in excess of the Company's need. Malcolm had protested against such a policy on political grounds as early as 1821[73] and Metcalfe, then Resident of Delhi, joined him in opposition to the treaties 'procured by an improper exertion of our irresistible influence.'[74] In spite of these wise counsels, the necessity of the State during the Burma War dictated further treaties with Indore and Dhar. Unlike Amherst, Metcalfe refused to be deflected by such argument and, on becoming a member of the Bengal Council in 1827,[75] proposed an inquiry into the restrictive system in Rajputana, the urgency of which increased with the news of disorders and even armed fracas between the

Company's guards and the smugglers. Metcalfe boldly asserted that, if necessary, revenue should be sacrificed for higher ends.[76] The Court did not think the Malwa experiment successful either.[77] As Jaipur, Jodhpur and Gwalior refused to enter the system of treaties, there were obvious gaps for illicit transit; high prices paid by the Company's agent only encouraged production; and smuggling, rampant as before, had become violent.[78] The most telling argument against it, however, was its decreasing value to revenue. Gross receipts of revenue from Malwa opium had risen from S.R. 44,80,486 in 1824–5 to S.R. 62,00,444 in 1827–8 but the general charges in the department had risen in that period (on both Bengal and Malwa account) from S.R. 33,83,582 to S.R. 56,74,606. By 1827 Malwa opium monopoly had lost its *raison d'être,* if it ever had any.

The need of the hour, therefore, was retrenchment and reduction of charges which threatened to engulf the Bengal revenue. So long as charges continued to pile on, there could not be any appreciable surplus to be applied either to nation-building activities, like public works and education, or to amelioration of trade through liberal measures like abolition of transit duties. Nor could the territory's debt to commerce, which plagued the home finances, be liquidated. With such an object in view Lord William Bentinck was selected by the Court as Amherst's successor.

Bentinck had served the Company before as Governor of Madras from 1803 to 1807, when he had been held responsible for acquiescing in his official capacity in the course of action that led to the Vellore Mutiny. The attitude of the Madras government seemed to have been influenced by the misguided zeal of the Christian missionaries to rescue the Indian people from their social and racial prejudices by the spread of Christianity. Although Grant and Parry, the Evangelist group in the Court, fought for him, the City interest considered the policy bad for trade and political stability. Dundas put their case laconically—'No man has the right to make another happy against his will.' Bentinck was recalled. After a fairly long service in the Napoleonic Wars, he joined the Whig party which might have instilled in him its free trade leanings. He offered himself as a candidate for the governor-generalship at Hastings's resignation but Liverpool opposed his appointment on party reasons. He had to wait till, on Liverpool's retirement, Canning became the Prime

Minister and Amherst was found inadequate for the task ahead.

Indian public opinion has drawn an aura round the head of Bentinck who is assumed to have come to India as a great social reformer, who drew inspiration from utilitarianism. James Mill reports that while replying to a farewell dinner at Grote's, where he was feasted on 'the pure milk of the Benthamite word,' Bentinck said, 'I am going to India, but I shall not be governor-general. It is you[79] that will be the governor-general.'[80] Bentham's most ardent disciple in Calcutta at that time was James Young, the radical head of the agency house, Alexander and Co. He took upon himself the duty to expound the message of his master to the new Governor-General. Young soon acquired an influence over the supreme government which Malcolm thought to be improper.

Peace, progress, retrenchment, freedom of contract, freedom of expression, opportunities of education and public service, accessibility to Indians and sympathy for their opinions—the demands of the latter-day middle class—seemed to find in Bentinck the symbol of a promise subsequently belied and of a hope deliberately frustrated. John Rosselli gives credit to him for introducing a new concept into the scene from the Sicilian experience, viz. 'nationality', which meant that India should be 'united, great, imperial, rich, enlightened, perhaps one day self-governing.'[81]

On the whole, however, Bentinck was not a person to mould circumstances to his will. At the root of Bentinck's critique of the Company was his alienation from the Company's system and not self-identification with Indians. Improver and reformer he certainly was, but in his case the practical and cautious mostly predominated. The lesson of Vellore had been taken. The British were 'strangers in the land.' To close the gap Indians must 'be more mixed in their own government, and become responsible advisers and partners in the administration.'[82] India could be redeemed by knowledge, steam navigation, and, less hopefully, Christianity.

But in his case the ground had been thoroughly prepared before him. In social and educational reforms the initiative came from the educated middle class of Bengal led by Rammohun Roy; in employment of native agency and liberalization of tariff policy the impetus was derived from the Court. In one vital matter alone Bentinck took his own line. It was on the Euro-

peans' right to own land and to enter into free contracts with native producers like the weavers, the silk-reelers, the mulberry planters, and the indigo-growers. This was dictated by the needs of private British capital in India. He used the circumstances to the best known interest of the private British capitalist, which indirectly helped the economic development of India and created opportunities of education, employment, and self-expression for the emergent Indian middle class. He could vindicate himself against the earlier disgrace of recall and re-establish his prestige not so much by observing zealous loyalty to the Company's commercial interest as by abjuring it, not so much by continuing the Company's neutralism in social and religious matter as by advocating reforms, not so much by maintaining the Company's paternalistic attitude towards economic problems as by applying the utilitarian calculus. As Rosselli writes:

> In his private letters, even in his official papers, the same key words recurred . . . 'exclusion,' 'monopoly.' 'patronage'. Exclusion by the Company of European entrepreneurs, civil servants' monopoly of jobs and money at the expense of Indians and of the country's improvement; rule of patronage that made for incompetence, inefficiency, and insubordination; these were the enemy.[83]

The firm task of Bentinck was to put the Indian finances on a firm basis and it appeared to be Herculean. The average annual deficiency of the Indian revenue, after defraying all charges abroad and in Britain, amounted to £2,878,031 in five years ending 1828–9.[84] The gross charges in four years between 1824 and 1827 constituted two-thirds of the total charges since 1814. Average expenditure had increased in these years by £4,529,494, by £2,695,749 in the military department alone. An analysis of the accounts between 1814 and 1828 showed that Bengal's surplus of £28,374,534 had been wiped out, £4,923,021 of surplus commercial profits had been consumed, and £14,642,431 had been raised by loans.[85]

Bentinck set up the Civil and Military Finance Committees within four months of assuming office to go through the charges of the government in detail and suggest reductions.[86] In this he was not only supported by the Court but by the new President of

the Board of Control, Lord Ellenborough, who was even more impatient for reasons of his own. 'I have added a paragraph [to the despatch to India]', he wrote in his diary, 'which in effect tells the Governor-General if he will not make reduction some one else shall.'[87] While the Duke of Wellington planned in 1828–9 to renew the Charter to the Company on the basis of the previous one, for, 'the Duke is much swayed by early recollections' and 'he is beside very desirous of having the City of London in his hands,'[88] Ellenborough wanted to relieve the Company of the Indian administration and transfer it to the Crown. 'We have a moral duty to perform to the people of India,'[89] he wrote to Bentinck in 1829, and was sure that, in transferring India to the Crown, 'I shall confer a great benefit upon India and effect the measure which is most likely to retain for England the possession of India.'[90] Consideration of trade was not important as India trade had become unprofitable,[91] the China monopoly was but 'a mode of enabling the Company to govern India by a tax levied on a necessary of life in England,'[92] by which it had evaded loss on direct remittance from India.[93] Important members of the Cabinet like Peel were opposed to the monopoly and the feeling in the mercantile community was decidedly hostile.[94] With all this in his mind and convinced as ever of his own rightness, Ellenborough tried to hasten the reduction of the charges which alone could render India independent of direct or indirect assistance from England.

Ellenborough was an ambitious, conceited man, who had some insight and great efficiency, but he kept in view several alternatives for India. His first preference was for the Crown Government, his second, for the Company's administration without the China monopoly, if self-sufficiency without monopoly was possible, and his last, for the renewal of the Charter on the old basis but to impart to the Company's rule, 'the efficiency, vigour and celerity of King's Government.' Though he fell between these alternatives, he never forgot to prod the Indian governments to increase revenue by diminishing taxation which made India poor and thus a bad customer for British manufactures.[95]

Before Bentinck had the taste of his idea of 'efficiency, vigour and celerity of the King's Government' in ever-flowing despatches on experiments in cotton culture, encouragement of tannery, production of stores, introduction of steam navigation, and so on,

the Civil and Military Finance Committees had done good work. By a resolution of the Commercial Department, 16 June 1829, the system of commission was abolished. Half *batta* measures were pushed through against strong opposition of the military servants.[96] Fixed establishment charges were reduced by employment of Indians in subordinate ranks. The Court ordered further reduction by the end of 1829.[97] Pruning and paring went on up to 1830–1, and the general progress was remarkable in five years between 1828–9 and 1832–3. Even though in the last two years fall in land, salt, customs and opium revenues brought down the surplus, the public had benefited from the reduction of taxes.[98]

In such an atmosphere no revoiutionary revenue policy could be undertaken. Transit duties could not be abandoned,[99] and the Court's instructions regarding salt were not obeyed. On the contrary, Regulation XVI of 1829 enhanced the duty on western salt.[100] But the policy on Malwa opium underwent a complete change. The Company's monopoly of Malwa opium was greatly resented by the private traders of Bombay and Calcutta. The opening up of the east coast of China and extensive smuggling at Lintin had increased the demand for opium. Morse puts the imports of Malwa opium into China at an average of 5,722 chests between 1824 and 1827. In 1828 its imports suddenly leapt up to 7,092 chests and in 1829 to 7,972.[101] The Company's monopoly not only stood between the private traders and illicit profits but deprived the country ships of badly needed freight. The government, however, was not wholly persuaded by the economic interests of the private traders. Metcalfe's arguments had been amply corroborated by reports from the political officers of Malwa and Rajputana. On 19 June 1829 the Governor-General in Council in the Political Department resolved on the political inexpediency of the Malwa monopoly. Treaties with the Indian princes were abrogated, attempts to restrict production of opium given up, and free transit to Bombay was allowed under passes to be sold at Rs 200 per chest. For one year more the government continued purchase in the open market but such purchase, being contradictory to the pass system, was given up in 1830.[102] To compensate for the loss of revenue, the opium production of Bengal was increased by an advance of price to the poppy growers (of 8 *as*. only) and extended cultivation.[103]

Retrenchment, employment of native agency, and the intro-

duction of Western education hang together. The Court had begun to consider wider employment of Indians ever since an education policy was forced on it by the Charter of 1813. The problem of education became closely knit with the problem of providing trained Indians for government service, specially because of the prodigious increase of charges during Amherst's governor-generalship. In March 1825 the Court asked the Bengal government to give preference to Indians possessing suitable educational certificates for appointments in the lawcourts.[104] A year later it declared: 'the first object of improved education should be to prepare a body of individuals for discharging public duties'.[105] By the time Bentinck arrived in India, it had become imperative that the lower cadres of the civil service should be filled by Indians. In fact, the jurisdiction of Indian judges had already been extended so that they could hear suits involving sums up to Rs 1,000. Astell asserted that, towards the desirable object of solvency, nothing can more conduce than the employment of native agency in preference to the expensive services of Europeans.[106] Ellenborough belittled the risk of failure as the natives 'without being really responsible . . . do practically a great deal now through the weak or corrupt or indolent Europeans they serve.' He was convinced that 'we cannot govern India financially without the change of system.'[107] Bentinck reciprocated the feeling, '. . . we cannot govern the country without them. The most we can attempt is control, and this, I lament to remark is very inefficient.'[108] Once the British and the Indian governments were united on the policy, they could not but take the next step of selecting English as the medium of higher education for which there was already an articulate demand in the country, led by Rammohun Roy, Radhakanta Deb, Ramkamal Sen, and the Tagores. It was symbolized by the foundation of the Hindu College and the Calcutta School Book Society, established in 1817, and the Calcutta School Society established in 1818.[109] Bentinck was very much delighted with the Hindu College. With its mixture of English and Indian learning, it would, he wrote to Granville on 15 December 1831, do most 'to regenerate the degraded population.' The Orientalists were fighting a lost battle from the beginning. Hope of preferments in the government service,[110] if not a nobler yearning for knowledge and culture, won the day. The scope of service, however, was still very limited.

The highest rank an educated Indian could attain was that of the Principal Sudder Ammeen which carried a salary of less than Rs 400 a month.[111]

When H. T. Prinsep and others opposed his policy of promoting Indians in the judicial service, Bentinck failed to conceive 'how a young man [Englishman] can become a good judge, collector or magistrate, . . . only by repetition of his bad decrees, by making bad settlements, or by unjust flogging and unfortunate prisoners.'[112] Bentinck had reversed the policy of Cornwallis, which reflected the prejudices of an earlier period and which were now incompatible with the financial stability of the government. By recognizing the Indians' need for economic opportunities and the no less legitimate need for self-respect, Bentinck forged the second link in the chain of loyalty as Cornwallis had forged the first by the Permanent Settlement. There was a reciprocity between Bentinck's opening of higher grades in the services to Indians and the scattering of Derozio's pupils into the interior as judges and deputy collectors where they initiated a regenerative process among the elite.

The Bengali middle class had three wings from the thirties—the first, based on land, the second, on professions, and the third, on public service, though the last two were almost always connected with land and the lines of division were blurred. As opportunites in the first were diminishing and those in the second were yet hardly developed, while trade and industry were in foreign hands, the Bengali middle class turned more and more to public service. It had no roots in indigenous commerce and industry which made the middle class in the West so powerful and progressive. One half of it looked back to a mythical India—an India of orthodox traditions and static outlook, of serried social stratification and inhibited individual action. The other half could not look hopefully to a creative future nor make a free and healthy response to the challenge of Western thought and life. It was weak and vacillating. It was torn between the old and the new, and moved sometimes into aggressive self-assertion and sometimes into abject self-pity.

Only a giant like Rammohun Roy could accept what was best in the West and still retain his own dignity. He fully realized the implications of the challenge and calmly prepared for a rational response. He did not scamper hysterically into the com-

fortable assurance of the old shell, nor did he surrender the ancestral values for the superficial glamour of the new. The pristine verity of the old values had been encrusted with the prejudice of centuries, and, once he made sure what they really were, he went out manfully to meet the West on his own terms.

Not many could soar like him into the thin air of metaphysics and still remember the material basis which supported the ethereal flight. Christianity could not supplant Indian metaphysics but could clarify it. At the same time the material basis could only be provided by Western technology and Western science. Yet appalling ignorance, religious and social abuses (like the suttee and the caste system), and adverse economic conditions hampered their operation. Having laid down the premises, Rammohun did not hesitate to espouse the course of education in natural science through the medium of English. A zamindar himself, he showed no hesitation in denouncing the Permanent Settlement before the Select Committee of the House of Commons. Happy over Bentinck's policy to widen the scope of native employment, he did not want the Indian middle class to be lost to the world of enterprise. He welcomed Western education because it held the key to power over nature; similarly, he welcomed the introduction of European skill and capital which could apply that power to the benefit of India and, moreover, teach the Indians to apply it. He dreamt of a new middle class emerging out of that milieu, ready to take its share in the creation and fulfilment of a progressive economy. Unfortunately, he could not foresee that natural science might one day destroy his Absolute *Brahma* without putting anything in its place and that foreign capital, if not restrained by a national government, might take more than it gave. But no man could claim the omniscience of the gods, and even today his synthesis, less sure and more vulnerable than ever before, has not been superseded by a better one.

The emergence of such enlightened views among the Hindus helped Bentinck in abolition of the suttee. In 1829, even Rammohun had advised caution. Bentinck writes:

> It was his opinion that the practice might be suppressed, quietly and unobservedly, by increasing the difficulties, and by the indirect agency of the police. He apprehended that

> any public enactment would give rise to general apprehension.[113]

Horace Wilson followed the same line. But armed with the overwhelming preponderance of civil and military opinion in favour of an 'open, avowed and general prohibition,' Bentinck proceeded to lay axe to the root of a great social evil. Although suttee was abominable and inhuman, its suppression was not acceptable to all. But the reform could not have roused such a passionate controversy and protracted struggle unless something more important was involved, which was the Company's traditional policy of neutralism in social and religious matters. Suttee was one of many abuses—some even more deep-rooted and harmful—but it was spectacular. The image of the burning widow was the most persuasive argument for its abolition. It could be most tellingly used to focus the attention of the government on the crying need for a positive approach towards social reforms and the very apprehension of its ability to do so made the other side fight bitterly. The orthodox defended an apparently inhuman practice not because of any natural perversity but because defeat might open the flood-gate of further positive actions on the part of the state which would shake the whole social fabric and endanger the vested interests. Of this Horace Wilson, and even Rammohun, warned. Bentinck decided for social reform because such a decision was implicit in the situation. The government could not interfere with the internal administration of the native states or with trade and industry while refraining from interference with flagrant social abuses, especially when the initiative came from an influential section of its subjects which it considered as a political ally. The principle of interference, long recognized in the economic and lately recognized in the political field, logically claimed extension to the social sphere as well. If British rule was to have any justification other than force or financial profit, if India was to be modernized, criteria other than those emerging from *Indian society itself* would have to be applied. The ultimate beneficiaries would be Hindus who, once emancipated from 'those chains and shackles upon their minds and actions, may no longer continue as they have done, the slaves of every foreign conquereor, but . . . may assume their just places among the great families of mankind.'[114]

John Rosselli has shown, however, that the abolition of suttee was not part of a general assault on Indian religious customs. The famous Minute of 8 November 1829 referred to the eighteenth century concept of natural religion. It reads:

> I know nothing so important to the improvement of their future condition as the establishment of a purer morality, whatever their belief, and a more just conception of the will of God. The first step to this better understanding will be dissociation of religious belief and practice from blood and murder.

When Indians were aware of the universal divine command, 'No innocent blood shall be spilt,' and if they were convinced of their own error regarding 'this first and most criminal of their customs (i.e. suttee), may it not be hoped that others which stand in the way of their improvement may likewise pass away. . . .'

Bentinck had to interfere in economic matters before he completed with the retrenchment programme and almost simultaneously with the abolition of suttee. The second indigo crisis began in 1830 and threatened to ruin not only the large amount of private British capital engaged in its production, but the trade and industry of Bengal which were now dependent on that capital. For five years ending in 1828–9 indigo was being exported on an annual average of 115,846 factory maunds—which was much above the level of European consumption. About thirty to forty lakhs of bighas of land had been put under indigo.[115] Prices were very high, averaging S.R. 264 per factory maund,[116] because both the Company and the free traders, especially the latter, sent their remittance chiefly in indigo. As the supply was not based on real demand, any marked change in the London prices was bound to affect production disproportionately—which happened in 1826, causing failure of many indigo concerns in that and the next year.

The Company's growing silk investments prevented any diversion of private capital to that line;[117] cotton trade with Britain was extinct, though its price in the Indian market had come down from Rs 21 (in 1821) to Rs 12.8 *as.* per bazaar maund; and the application of capital to sugar could not appreciably in-

crease in view of the discrimination against it. So indigo would have to be relied on. But who were to supply circulating capital to the planters and the manufacturers? The agency houses, hard hit by the crisis of 1826–7, had little capital to spare and had stopped advances to the factories which could not make indigo under Rs 120.[118] The only hope lay in the introduction of fresh European capital, the conditions for which were wanting.

The government as well as the private capitalists were thus confronted with the necessity of facilitating the introduction of European capital in the indigo business not only in the interest of private but also of public remittance. At one end of the chain of interest stood the Company's servants; at the other end, the ryots. The Company's servants lent to the agency houses who lent to the planters who, again, used the capital in advances to the ryots. The impecunious ryot was the base of the indigo pyramid, and the capitalists blamed him for all their troubles.[119] His 'intrigue, chicanery and fraud' (words used by Bentinck himself) had worked on the legal incapacity of the planter to own land and, therefore, to enforce his lien on the article produced with his capital. The planter saw indigo, sown with his advances, sold to a rival who staked a similar claim on it. He was confronted in the court with the ryot's assertion that the land was not sown with his advances or that he had forced the ryot to sow indigo on land traditionally used for staple crops. He was prevented from expanding his concerns by the zamindars who had entered into indigo speculation on a large scale. Sometimes the servant, in whose name he had been forced to take the lease, stood out as the real owner. His capital was unsafe till he secured the right of ownership and the right of enforcing his contractual claim on the ryot against the zamindar or his scheming European rival. Law gave little, and never any speedy, redress and though a regulation of 1823 enabled him to set police on the crop and realize its value after a summary suit, it gave him no right to claim specific performance. He did not deny that in such trying circumstances he took the law into his own hands and sometimes in a violent manner. But he was not satisfied with such a precarious method when rise of land values had called for a larger investment of capital than before.

At the beginning of 1829 the principal agency houses had appealed to the government for an extension of its Resolution of

7 May 1824 to all cash crops. That would enable the indigo planters to take long leases in their own names (like the planters of coffee to whom this Resolution applied) and thus avoid a loss of 25 per cent occasioned by the constant troubles and expenses over enforcing indigo contracts.[120] By a resolution in the revenue department, 17 February 1829, the government agreed to do so on the ground of failure of all restrictions on the occupancy of land by the Europeans through 'a recourse to fiction and concealment' as also on the ground of facilitating production whereby the cost of Indian exports would be reduced. Metcalfe considered withdrawal of those restrictions necessary for the prosperity of the Empire and progressive increase of revenue: 'I am further convinced that our possessions of India must always be precarious, unless we take root.'[121] The Governor-General was more elaborate in his Minute of 30 May 1829. He justified the resolution on economic as well as moral grounds. The annihilation of cotton manufacture had been 'productive of so much present suffering to numerous classes in India, and hardly to be paralleled in the history of commerce.' To compensate for that loss the vast productive powers of India should be encouraged. Poverty, ignorance, demoralization, corruption of the native officers, oppression of the zamindars and heavy rural indebtedness had prevented productivity and forced agriculture to remain primitive and commerce spiritless. Not a single article, excepting those handled by the Europeans, was fit for the international market. Of these again, indigo alone survived as the means of effecting returns to England. Introduction of more European skill and capital would be helpful to both Britain and India. British capital would obtain cheap labour while presence of the British capitalist in the countryside would save the poor ryot from the usurious interest of the native money-lenders and the whimsical oppression of the native zamindars who often combined the functions of landlord and money-lender in the same person. The rural folk would borrow from the arts and knowledge of England as well as from the moral integrity of the Englishman. He explained the difficulties under which the European planters had to work but still maintained that 'the occasional misconduct of the planters is as nothing when contrasted with the sum of good they have diffused around them.' He even asserted that '. . . every factory is in its degree the centre of a circle of improvement'.[122] He

clinched his argument with the doctrine of enlightened self-interest which would be enough safeguard against all possible abuses.

Bentinck's measure roused a host of hostile critics in the Court who were supported by Ellenborough. The old guards were against any innovation at a time of general retrenchment and army disaffection, particularly when it smacked of colonization. 'Your colonization minute,' wrote Ravenshaw, 'created much alarm at first—and even now many regret that you should have adopted a course of argument so much in accordance with the feeling of the free merchants in India and the advocates for annihilating the Company here . . . .'[123] 'We must abrogate the Regulation without loss of time,' wrote Ellenborough, and the Duke, when informed, said, 'Lord Bentinck was not to be trusted and we should be obliged to recall him.'[124] There was opposition from the manufacturing interest, which saw in colonization the spectre of a second Lancashire on the bank of the Ganges, which could beat the original with cheap Indian labour and raw material.[125] The Court reprimanded Bentinck for deciding such an important matter without previous reference, considered the 1824 resolution on coffee as no precedent and criticized the omission in the new regulations of those sections which enabled the government to cancel leases for an undesirable abuse of privilege. Length of leases was to be regulated according to the nature of cultivation, leases were never to be granted beyond 21 years without the Court's approval and the security clauses were to be reinserted. The Court referred to a series of letters on oppression and violence committed by the planters, which were not yet repressed, and ordered a full review of the conduct of the Bengal planters by the collectors and the commissioners.[126]

Bentinck recorded another Minute in reply on 8 December 1829. If the Court desired the development of the raw material resources of India for the use of British manufacture, which it repeatedly did in respect of silk and cotton,[127] he saw no alternative to giving ownership of land to the Europeans. The Resolution of 1824 had been extended to cotton and sugarcane before Bentinck's arrival and had not produced any evil effects. Important safeguards had been retained. But if the clauses referred to by the Court be included, they would nullify the spirit of the privilege by requiring harsh and unnecessary penal

measures. The Court need not apprehend any great extension of the zamindary system to the Europeans—there were only five applicants for the privilege—nor any clash with the native interests, which flowed before from the planters' dubious title, especially when '. . . many indeed of the wealthiest and most influential are of our own creation.'[128] These wealthy people were those 'whose families acquired wealth, in close communication with the Europeans, or in the service of the Government under European Supervisors.' Charles Metcalfe and W.B. Bayley fully concurred with the Governor-General on the great moral, political and economic benefits of European ownership of land.

Almost simultaneously with the despatch of these sentiments to England[129] a storm burst over the Calcutta agency houses. The redoubtable Palmer & Co. failed on 4 January 1830. It had been tottering for some time under heavy withdrawals by its retiring partners and had been forced to close its private bank. When the house of Cockerell and Trail, once its London head office and now its biggest creditor, demanded immediate liquidation of half of the debt and security for the rest—an open manifestation of distrust—a run began. It had little fluid capital, most of its funds having been locked in indigo factories or improvident loans to junior civil and military servants. When John Palmer's appeal for 30 lakhs from the other five houses failed to bring response except from Alexander & Co. and Fergusson & Co., the Palmers closed their doors.[130] Circumstances were too much for them though they obtained, according to the Court, more than two-fifths of the total sums advanced by the government for relief of the agency houses since 1812–3.[131] The consequent distress was universal and there was unparalleled panic. The remaining houses foolishly abstained from closing ranks and giving up the losing concerns or from taking their constituents into confidence. 'The intelligence of Palmer's failure, with all its direful consequences, was left to work its way on the public mind, accompanied by a train of unfounded rumours and conjectures. . . .'.[132] Even the European creditors began to withdraw in haste. After four months of unequal struggle the agency houses appealed again to the government for help on securities of lands and houses, factories and crops.[133]

The government took the responsibility for relief against the positive orders of the Court.[134] On Holt Mackenzie's review of

their cases, which showed unprecedented withdrawals,[135] Bentinck justified his measures in an able Minute. The trade of Bengal was largely concentrated in the hands of six agency houses.[136] In 1829, 108,603 maunds of indigo out of a total produce of 149,285 maunds were consigned to them. They controlled the lac and rum trades entirely, owned 59 out of 91 vessels in Calcutta, several steamers, chief docks, the only textile mill at Fort Glocester,[136a] collieries at Burdwan and agricultural and salt projects in Saugor Island. With the exception of the Strand Mills (flour and rice) and government concerns, all schemes of manufacture and agriculture were financed by these six houses. They got their funds from the Company's servants. Their fall would thus not only cause the disruption of public revenue and dislocation of trade and industry of Bengal but spell ruin to the Company's servants. Bentinck treated it as a national emergency—'an overwhelming necessity which in my judgment could not have been disregarded without the sacrifice of the best interest of India.'[137] He laid the blame squarely on the Company's monopoly which denied free access to the British subjects, debarred them from purchasing land, excluded them from public employment, and restricted the Company's servants in investing their capital. He wrote in the Minute:

> It could not have been expected that British capital should abound, or that British capital not enjoying any share of authority or power should remain in the country an hour longer than was necessary to accumulate a fortune proportioned to their (real or fancied) interests.[138]

Remittance to Europe was usually the alleged excuse for withdrawing the invested capital. When drawing on England—the usual mode of meeting such demands—was resorted to, the correspondents in England remonstrated. The latter usually made advances to Calcutta houses from £100,000 to £400,000. The object of such advances was to enable the Calcutta houses to continue extensive consignments to England. It was from these consignments that the London houses received 5 per cent interest in advance, 2½ per cent commission on sale, and 1 per cent on accepting bills and making payments on credit. The bills now drawn by Calcutta houses (to facilitate withdrawal) were

far in excess of the usual advance. The London houses naturally remonstrated. Far from meeting the bills, they asked for liquidation of the old debt. The Calcutta houses had to continue consignment to Europe even at a loss. They had to mortgage property to satisfy their London creditors. The raising of money by such ruinous sacrifice could not continue long. The commerce of India should rest on real capital, especially in those branches which needed fixed stock, and such capital would not be forthcoming unless its security was guaranteed by a grant of ownership of land to the European investors. The favourable returns of the collectors proved Bentinck right about the indigo planters and took away the only possible argument against such a policy. As an immediate relief the government resolved to lend 50 lakhs in treasury notes at 6 per cent on house property and indigo crop and to purchase private bills on England. The Court's orders restricting the Bank of Bengal's note-issue and note-bullion ratio were not carried out.[139]

Had trade continued to prosper the scarcity of capital would not have been so deeply felt. Imports and exports fell in 1828–9, and, though there was a small improvement next year, further depression in England intervened and trade with Britain, France, and China declined largely. Cotton goods import from Britain was overdone in 1828, rising from S.R. 49,25,479 in 1826–7 to S.R. 72,64,668. Twist and yarn from Britain almost doubled—rising from S.R. 18,42,110 to S.R. 32,88,509. There was as usual a considerable increase in wines. But the export trade was the crux of the situation. Cotton piece-goods continued on the downward grade. The South-East Asian market was now lost to Indian manufacture and even the newly added Burma market was flooded with reexported British cottons. Indigo registered the largest fall—from S.R. 1,91,71,606 in 1827–8 to S.R. 1,21,92,642. Sugar and silk fared better, but they were in the Company's hands. In 1829–30 import of British piece-goods shrunk to SR. 49,57,095, of British twist and yarn to S.R. 14,37,121, and the British metal import was stagnant.[140] Though America tried hard to push Indian coarse cottons, trade with France declined. Indigo exports were higher but silk exports were down. Very little of cotton was now sent to Britain. The whole country trade was suffering from the crisis of the agency houses and a fall of demand for China goods in India. China sugar and tutenag had

been replaced by Java sugar and German spelter. Decline of the rate of freight on the return voyage from China affected shipping. Only opium improved a little. Trade with Java was trifling and that with the Coats and the Gulfs was stagnant since 1826. Penang and Malacca only prospered due to the growing importance of Singapore. The Company was not getting much from its lately increased trade. In 1827 it had bought S.R. 71,67,334 of indigo, which gave a remittance of 1*s.* 5*d.*;[141] in 1828 indigo gave only 1*s.* 2½*d.*[142] Silk fetched 1*s.* 11*d.* in 1829.[143] The Court was forced to prefer private bills to remittance through trade but the indigo crisis had persuaded the government to try both means in 1829.[144] Unless there was a revival of trade and the Company gave up remittance in goods, the agency houses seemed to be doomed.[145]

One of the ways to help the private traders was to take off the weight of the Company's trade as far as possible; another was to throw cash into the market.[146] Ellenborough's insistent orders for the encouragement of cotton cultivation on the Company's account were ignored.[147] As the private ships needed freight badly, the government began to send cotton to China on private ships at a loss.[148] Regulation XXXI of 1793 was modified by Regulation IX of 1829 to put the private and the Company's silk investments on an equal footing.[149] The government not only decided to commute the commissions of the Commercial Residents into salaries from 17 February 1829 but deprived all Residents, appointed after that date, of private trade. The growth of industry in Bengal was encouraged by reduction of duties on export of mill-made flour,[150] and permission was given to Messrs Scott & Co. to erect a foundry in their Fort Glocester twist mill.[151] Lastly, Regulation VI of 1823 was modified to ensure specific performance of indigo contracts at the request of Alexander & Co.[152]

There was one dissenting voice among the judges of the Sadar Diwani Adalat to which the last question was referred. W. Leycester considered legislation in favour of the planters to be class legislation and preferred sale of indigo plants in the open market. Others admitted the dubious nature of the contract which was 'insufficiently defined, and generally extremely unfair to the ryot, rendering him in fact a slave to the establishment with which he was once engaged.' They also admitted the inaccessibi-

lity of judicial remedy against oppression. Yet they proposed that, if European ownership of land was not to be granted on the planters' terms, specific performance should be.[153] Regulation V of 1830 was passed to protect the planters against wilful evasion of cultivation by the ryots by applying Sec. 5 of Regulation VII of 1819 which made the latter liable to the criminal charge of misdemeanour and the penalty of imprisonment. It also forced them to cultivate indigo. There was a provision for release of the ryots from contracts, when no balance accrued, but it imposed on them the burden of a civil suit when the planters refused to agree to this judgment. In the name of fair and open competition the Regulation made the ryot a prey to the perpetual fear of criminal prosecution, and, hence, more amenable to the harsh conditions of the contract.

The planters, it must be admitted, succeeded in getting the support of the enlightened middle-class opinion represented by such great names as Rammohun Roy and Dwarkanath Tagore. Tagore, once the Head *Diwan* of the opium and salt department, was now a big zamindar, owning several indigo factories.[154] He testified to the benefits conferred by the European planters on the country at a public meeting. Tagore said:

> I have found that the cultivation of indigo, and the residence of Europeans, have considerably benefited the community at large; the zamindars becoming wealthy and prosperous; the ryots materially improved in their condition, and possessing many more comforts than the generality of my country men, where indigo cultivation and manufacture are not carried on.

Rammohun added that in his travels through Bengal he had found

> the natives residing in the neighbourhood of indigo plantations evidently better clothed and better conditioned than those who lived at a distance from such stations . . . on the whole, they (the planters) have performed more good to the generality of the natives of this country than by other class of Europeans, whether in or out of the service.[155]

The reports of the magistrates in answer to the circular of the government also spoke highly of 119 European proprietors and 354 European assistants in 899 factories in the Bengal Presidency except in one or two cases.[156] Most of the evidence before the Select Committee of the House of Commons, 1930–1, were special pleas for the planters.

The Board and the Court, however, were far from convinced. Ellenborough was hostile to investment of capital in land by European planters on the plea of improvement which, in his view, could be better carried out by monied zamindars.[157] In the paper on 'Conduct of Europeans in India', drawn up by the Board, we find none of the assurance. Wages of labour had not increased much.[158] The conditions of the ryots had specially deteriorated after the commencement of the indigo boom in 1824.[159] So far as the benefit to be derived from a large investment of capital was concerned, it must be decided first, whether such capital was imported into the country or raised from the land, thereby suppressing investment of native capital. Against the opinions of Rammohun and Dwarkanath it pitted the objections of other Indians[160] and even challenged the certificates of the magistrates as biased. All the benefit was reaped by the agency houses, which lent planters money at 10 to 12 per cent,[161] besides exacting a commission of 2½ per cent on advances and 2 per cent on sale, and the *gomasthas* of the planters who, in most cases, were the actual oppressors. The zamindars often enjoyed higher rents from the lands sown with indigo—a fact which might have brought Rammohun and Dwarkanath to the defence of the system.

Moved by these considerations, the Court strongly criticized the Bengal government for passing Regulation V of 1830 which amounted to dispensing with the ordinary course of law in favour of the planters. 'We cannot,' the Court observed, 'sanction any legislative measure which appears . . . not to extend equal protection to all.' It rescinded the offensive clauses. In reply to Bentinck's apologia for relief measures it asserted that these had created in the merchants 'a habit of dependence on the Government.' Questioning the propriety of lending so much to the Palmers and thus being 'instrumental in propping up an insolvent House,' it sternly enjoined upon the government to let the agency houses know that it would not allow further interferences on

the government's part for the relief of commercial embarrassment.[162]

While the controversy over the Regulation V was going on, the government found it necessary to help the free traders in several ways. Though it was not prepared, like Metcalfe, to abolish transit duties altogether and to end the discrimination in favour of Britain and the British flag,[163] it exempted coal from duty, reduced tariff on Bengal rum, and remitted the inland duty on cotton yarn.[164] Secondly, it proposed to close the 5 per cent and the 4 per cent loans and pay off the first instalment of the 5 per cent debt of 1823 (1½ crores) and the political loans.[165]

Bentinck, however, wanted to send bullion to the Court instead of using funds for the redemption debt. Since 1829 the British authorities were in a dilemma over the interest bills. The best thing they could do was to divert the loans to the native capitalists who already held about 3½ millions sterling in 1823. The government was empowered to stop remittance of interest on the 5 per cent loans of 1823–5, to open a loan which would provide £1 million badly needed in Britain,[166] and, if possible, to convert the troublesome remittance loans. When Metcalfe insisted on payment of debts he had the idea of throwing cash into a depleted market.[167] The opening of a 4 per cent loan, as the Court desired, would defeat this purpose by attracting all funds. But Bentinck was determined that the Court must have the remittance.[168] The loan was opened and about a crore was sent in 1830–1 to satisfy the paramount needs of the Court.[169] The full effects of the payment of loans, therefore, were not felt. The redeemed debt was partly absorbed in the new loan.

The agency houses were now dependent on the government's purchase of indigo and private bills. Alexander & Co. paid off part of their debt (S.R. 19,25,900) in bills and others availed themselves of this opportunity for getting cash.[170] When, with the appreciation of indigo in the London market, the Court asked Bengal to stop buying private bills, the latter interceded on behalf of the Alexanders,[171] and the Court ultimately withdrew the order at the Board's insistence on trying this method of remittance in view of the eventual loss of the China monopoly.

The payment of loans and the purchase of bills, however,

could not keep the agency houses on an even keel. Trade was a little better in 1830–1 due to a slight recovery of textiles in England. Import of piece-goods from Britain rose and that of twist and yarn almost doubled. Copper and iron showed the next marked improvement. But imports from France were halved, though there was a slight increase in exports to that country. The increase of trade with America was insignificant. Imports from China fell by as much as 37 lakhs, and it was the recovery of opium that caused the rise in exports. Exports to Penang and Singapore declined and trade with the Coasts and the Gulfs stood still. A depression overtook England in 1831 which continued until the Reform Bill was passed. It affected Bengal trade in 1831 and 1832. Piece-goods and twist fell again.[172] Trade with France steadied a bit but that with America declined a good deal. Trade with China could not maintain in 1832 the recovery of the earrlier year, the price of opium was falling, and trade with the Gulfs continued on the downward grade. There was a rise in exports to the Coasts, Penang, and the French islands, but trade with Burma was languishing.[173] The decline of shipbuilding at Calcutta evidenced this marked fall of country trade. Only 136 tons of shipping were built in 1832 while an average of 5,000 tons were built during 1814–22.[174] The private traders were once more forced to depend on indigo as the Company outbid them in sugar, cotton, and silk.

This produced the final crisis of the agency houses in 1832. Fall of indigo production in 1830 had caused a speculative rise of prices in 1831. But abundant harvests were gathered in the next two years and prices declined. Scott & Co. stopped payment. Alexander & Co., already affected by the failure of the Palmers, were hard hit. They had received a loan from the government in 1830 on mortgaging 27 of their 56 indigo concerns, sugar and saltpetre factories, and collieries.[175] As their debt was not yet paid off they could not lay hands on these properties. They began to withdraw their bank notes and was given the authority to try to sell their remaining houses and factories. But the continuous fall of indigo prices overtook them, bringing down the value of these concerns and making realization of assets all but ruinous.[176] The government's policy of redemption of debt afforded some help and the Bank of Bengal offered some accommodation.[177] But this proved unequal to the demands. The Alexanders failed

on 12 December 1832 in spite of an excess of assets over liabilities.[178] The turn of Mackintosh & Co. came next on 5 January 1833, after they had tried to stem the run for a fortnight.[179] The Alexanders and the Mackintoshes had a large clientele among the Company's civil and military servants and, when their head offices in London stopped payment, the distress spread to England. The Court was appealed to for an order on the Bengal government withdrawing its earlier prohibition on advances to the mercantile community. But the Court turned a deaf ear.[180] The Colvins closed their doors in April.[181] Of the big six only the Fergussons and the Cruttendens remained, tottering under increasing pressure of withdrawals.

Bentinck came forward once more as the saviour of the agency houses in what was, in fact, a liquidity crisis. They had appealed to him on 10 April for financial assistance so that the present concerns could be carried on. It was idle, they said, to expect capital from England. Palmer's assignees had been unable to dispose of a single factory. The scarcity of capital[182] was felt even by the native zamindars, who dabbled in indigo, and by those who carried on internal trade.[183] While the Company exported bullion, the 4 per cent loans were reabsorbing the cash paid for the 5 per cent loans. The decline of export trade had seriously affected internal trade and native capital, invested in internal trade, was being diverted to government loans. They overthrew the *laissez faire* doctrine and called for state intervention and help as had been given in Britain during the crisis of 1825. Bentinck resolved '. . . to avert if possible, and next to stay and thereby to moderate the dreadful calamity of sudden ruin to all the great private and public interests still remaining,' knowing full well that he incurred a heavy responsibility.[184] True it was that 'the difficulty is created by the system of combining in the same persons, the operations of agency and trading,'[185] but more responsibility belonged to the Company's monopoly.

> From this great parent monopoly have succeeded others—first, that of the military and civil services, whose savings made a large disposable capital. This large disposable capital begot the agency houses, and gave them, with the aid of the restrictive system, as complete a monopoly of the float-

> *ing money of the country as that possessed of the Revenues by the East India Company itself.*[186]

Now that a monstrous fabric had been built on it, it should not be allowed to fall suddenly and sweep away in its vast destructive course the fortunes of thousands of individuals. Its doom was already sealed.

> There is an end to the system and in giving them our present support, there is no fear that any of the evils aimed at in the prohibitory orders of the Court will be perpetuated. . . . The only thing at present was to gain time for the old houses to save themselves and the new houses to come with fresh capital from England and build anew on a surer foundation.[187]

Despite the opposition of Metcalfe and Ross, the government resolved to give thirty lakhs in loans.[188] Private bills were bought to the extent of S.R. 57,04,975 and sent as remittance to the Court in payment of the territory's debt to commerce.[189] But the evil could not be averted. Failure of the Fergussons in December 1833 and the Cruttendens in January 1834 rang down the curtain on the chequered history of the old agency system in Bengal. 'The failure of the Fairlies' House in London finished the catastrophe.'[190]

On the ruins of these agency houses a new organization of British capitalist enterprise arose—the managing agency system—which ushered in the industrial development of India and with it a new age. This was made possible by the Charter Act of 1833, negotiations on which began as early as 1828. In the background of these discussions was the opposition of the free traders and the manufacturers to the Company's remittance trade from India and the China monopoly, focused in the evidence before the Parliamentary Select Committees of 1830, 1831, and 1832, and the continuous trade depression that had begun in 1826.

In the public agitation against the Company the Manchester Chamber of Commerce took the lead. In 1827 a committee of the Chamber expressed its concern about the future of textile manufacture in view of the rapid development of rival manufactures in Europe and the United States:

> We are now beginning to find out great capital and means of production of goods cramped for want of more extensive markets. The vast fields for commercial enterprise which the East Indies offer to us . . . would assuredly make up for the falling away from all our former customers and give full employment to our redundant capital and dense population.[191]

The Act of 1823 (4 Geo. IV C. 80), which allowed trade with the East Indies, was not enough. The expansion of textile industry in 1824–5 had increased production beyond the limited capacity of consumption of these islands and, with China closed as before, there was little likelihood of a profitable return. Moreover, for the same capital and labour, a much greater quantity was being produced at a far lower cost. By 1830 the English yarn was being spun at less than half the cost of the Indian yarn.[192] For a moderate profit larger exports were now necessary, which meant extended markets.

The Duke of Wellington, we have seen, was in favour of the status quo though Ellenborough contemplated the end of the China monopoly and assumption of the Indian administration by the Crown. There were two things to be done before a final decision could be made—to balance the Indian budget and to ensure a regular remittance from surplus Indian revenue of an annual sum of £1 million for payment of the home charges. In reply to the prevailing contention that the Company did not secure a profitable remittance through trade, the Court pointed out its difficulties caused by the fall of exchange, imposition of the Board rate, and private competition since 1813. It referred to the effect of the speculative growth of private imports on the limited resources of India which were unable to return annually £3 million on account of the government, £1 million on account of private fortunes and £4 million on account of the free traders.[193] Monopoly of China trade was its only guarantee for the dividend and the source of meeting the chronic deficit of Indian revenue.[194] Ellenborough showed that the private traders or the remitters could not be blamed as the former had also been suffering from the depresion and the latter had invested largely in the Indian debt. Then, in spite of the Company's getting the

major share of trade in recent years neither the exchange had risen nor any appreciable profit had emerged.[195]

The manufacturing class was not prepared to let the controversy rest. On 27 April 1829 a permanent East India Trade Committee was set up at Manchester and it decided to collaborate with the Liverpool East India and China Trade Association. The Liverpool importers of tea were more directly interested in freeing China trade. Deputies of other manufacturing towns like Glasgow, Bristol, Birmingham, and Leeds were invited to a meeting on 15 May 1829 where it was decided to send a United Deputation to the government and to lobby Parliament.[196] As a result Select Committees of both Houses of Parliament were set up in 1830. The time for the enquiry approached and a steady pressure of petitions, memorials, deputations, and pamphlets was built up by the manufacturing class. The United Deputation became active in producing evidence before the Select Committees.[197]

Although the Company's statement on the price of teas somewhat injured its case,[198] the Select Committees of 1830 came out with favourable reports.[199] The continuation of the depression, however, galvanized the agitation of the manufacturing class in 1831 and 1832, and the evidence produced before the Select Committees of the House of Commons in those years was more hostile. Some complained of the Company's trade in indigo and cotton, which raised their price[200] without being profitable.[201] Some attacked the Company's silk policy, which made private investment impossible[202] but brought little remittance,[202a] and even charged the Residents with violent destruction of private filatures.[203] Holt Mackenzie testified to the feasibility of remittance through private bills,[204] and the private traders pressed for it.[205] One witness condemned the whole financial policy of the Company,[206] particularly its opposition to commercial banking, which cramped credit, and its debt management, which caused unseasonable abundance and scarcity of capital. Its customs policy was criticized by Holt Mackenzie.[207] Its salt monopoly was declared inimical to the trade of Liverpool and Bristol, besides being productive of inhuman oppression of the *molunghees*[208] and a source of heavy taxation on the natives.[209] Thomas Langton, a Liverpool merchant, challenged the whole basis of the Company's claim to repayment of the territory's debt

to commerce.[210] Commerce, according to him, was responsible for the origin of the India debt which the Company was fraudulently trying to foist on Indian revenues. Raja Rammohun Roy's evidence before the Select Committee of the House of Commons, 1831, added considerable weight to the sentiments of these witnesses,[211] while the failure of the Calcutta houses imparted a note of tragic urgency for the reorganization of the whole commercial and financial basis of the Indo-British trade.

Besides manipulating evidence before Parliament, the manufacturing class tried to influence the opinion of the Board of Control.[212] The Manchester Chamber of Commerce pressed for the import of large cotton supplies from India which was possible only through the introduction of European skill and capital. The Glasgow Chamber of Commerce wanted reduction of duty on salt. The Liverpool East India Committee required better communication in India to facilitate movement of raw materials. Langton demanded introduction of a uniform currency, and Rickards wanted the establishment of substantial banking houses. Most interesting of all, Dr Wallich tried to rouse the Board to the possibility of cultivation of tea in the foothills of the Himalayas.[213]

With the assumption of office by the Whigs in November 1830, the second stage of the negotiations over the Charter began. Charles Grant, the new President of the Board of Control, proposed that the Company should retain the administration of India on the following conditions: that its China monopoly should cease; that it give up all commercial interests and assets, and that an annuity of £630,000 be granted to the proprietors, chargeable on the territorial revenue and not redeemable before a certain year, and, then, at the option of Parliament redeemable by payment of £100 for every £5.5*s* of annuity.[214] When the Chairman replied that the China monopoly was not only a channel of Indian remittance but afforded direct aid to the territory and that there was little hope of Indian revenue paying the annuity,[215] Grant spoke against 'the exclusion . . . of the nation at large from a particular mart of trade, and especially from one so situated as China.' This could not go on when the country trade had superseded the Company's trade and the Americans were beating both.[216] Surplus commercial profits might help to meet the Indian deficiency but they arose from a tax on British

consumption of tea and the Company's claims on the territory were at best doubtful. Grant even indirectly threatened to hold an enquiry into the origin, nature and growth of the territorial debt and commercial capital in order to force the Company to a compromise.[217]

Convinced that their trade would go, the Chairs were still afraid that the plan tried 'to convert the Court into a government Board.' They wanted a collateral security for payment of the dividend in the shape of a sinking fund raised from investment of a portion of the Company's commercial assets in consols.[218] The President assured status quo in all material points but declined a right of appeal to a third party or inclusion of an express provision for reference to parliament in case of dispute. For collateral security of commercial capital he proposed that £1,200,000 be taken out of the commercial assets and invested in consols to form with interest a guarantee fund until it reached £12 million.

Ravenshaw, the outgoing Chairman, and the private trade interest in the Court never put up any show of struggle with the government. They did not even answer vigorously to the campaign of calumny going on in public and before the Select Committees. They prayed instead for a longer term of annuity and a higher rate of redemption.[219] Henry St. George Tucker dissented from this pusillanimous attitude before Grant's menace of confiscation. He asked for a continuation of trade in silk and control of the conduct of the private traders in Canton.[220] The election of a new Chairman, Campbell Marjoribanks, in April 1833 set a new tone to the negotiations. The General Court demanded that the sum set apart for the guarantee fund should be sufficient in 40 years to equal the sum able to redeem the annuity. It emphasized that the Company should have the administration of India for not less than 20 years. In addition, the Court wanted all measures involving direct or contingent expenses to originate with the Court. Finally, the Court asserted that the Company should have a right of appeal to parliament.[221]

Surprisingly enough, Charles Grant reacted more meekly than before. Firstly, he agreed to increase the guarantee fund to £2 million to apply it as security for the dividend as well as the capital, to give the former a legal priority to all territorial payments in England. Secondly, he was willing to empower the Court

to borrow for that purpose, if necessary. Thirdly, he was ready to withdraw the Board's proposed veto on recall of the Governor-General, the Governors, and the Commander-in Chief. He was also prepared to discuss any practicable expedient concerning appeals to Parliament. On 7 June the Secret Court surrendered and on 10 June the General Court concurred. In July Grant ordered the Court to send no more ships to India and China, nor proceed with any new contracts except those in silk up to 1834. The East India Company had come to an end as the mightiest trading organization in history.

The Charter Act of 1833 was to a greater extent a confirmation of the political and economic tendencies in operation than an innovation of principle or policy. As Macaulay, who played a dominant role in drafting and piloting the bill, pointed out, it was a compromise: 'I will not in a case in which I have neither principle nor precedents to guide me, pull down the existing system . . . which is sanctioned by experience.'[222] Once Parliament's supreme authority was announced and the Board's control made conclusive, the Company could go on with administration of India for which it had been justly praised by the Select Committees. The Board had assumed a firm control of the Court before the Charter Act formalized it. The nomination of the Governor-General had virtually passed to the Board. The Directors were in danger of losing even their privilege of exercising a veto on the government's nominations. This was an anomaly and the Charter Act retained it. Either it should have openly reduced the Court to the status of an Advisory Committee or given it the character of a constitutional check on the actions of the Board, which was generally ignorant of Indian affairs and liable to be swept away by party and political expediency. Moreover, as Wynn sensibly showed, the Court, now more amenable to the City interest, would lose its roots in Indian experience and be unfit to impart impartial advice to the Board on what would be beneficial or practical in the actual circumstances in India.[223] The powers of the Governor-General were increased, as the men on the spot wanted them to be, but it was a great blunder to encumber him, as before, with the governorship of the vast and unwieldy Bengal Presidency. The Court made only one gain and that by the backdoor. Though the principle of open competitive examination was recognized as the basis of appoint-

ment of civil servants, the Court inveigled the Board into allowing it to retain patronage as before.

So far as trade was concerned the Charter of 1833 took away what the Company would have soon lost. It was conducting a fast-losing trade for the sake of remittance. Profit on Indian trade had ceased since 1819, and the growing loss on it reduced the total turnover from India and China from an average of £1,525,799 between 1814 and 1818 to £625,910 between 1824 and 1828. The Company had not been exporting any merchandise to India since 1824–5, and the amount of the investment, considerable even during the Burma War, was not enough to meet the home charges.[224] Piece-goods now consisted of silk bandannas, which were losing ground before the French manufactures; cotton trade with China was fluctuating; sugar had been discontinued since 1832; and indigo, for some years one of the two chief modes of public remittance, was left to the private traders. By 1833 Bengal silk alone remained in the Company's hands. From China, too, tea was the only article exported on the Company's account, nankins having been discontinued since 1822 and silk since 1824. The Act of 1833 thus consummated the process of gradual decline by taking away the exclusive tea trade, already seriously challenged by the Americans, and the semi-exclusive silk trade, which, in view of the new liberal regulation, would not have withstood private competition for long.

The Company was on the whole treated fairly by the financial provisions of the Charter. By the Act of 1813 the Company was required to apply its surplus commercial profits to the reduction of debt and did so to the extent of about £5 million by 1828–9. The provision for repayment in India of advances made in England from commerce to territory had not succeeded in its object. By 30 April 1829, the territory, in the Court's view, owed a net balance of £3,036,578 to commerce, which would be further increased by a dormant claim of £3,616,113 (without interest) on account of wars which had preceded the acquisition of the *Diwani*. Further, the Court wanted to count the bond debt in England of £3,600,000 as a territorial charge. No doubt these claims were hotly disputed by the free traders before the Select Committee of the House of Commons, 1831. Even an extreme view was taken which made commerce responsible for the whole of the Indian territorial debt.[225]

Like its predecessor of 1810–12, the Select Committee of the House of Commons, 1832, was unable to judge between the parties because of lack of evidence. It was almost impossible to establish these doubtful and dormant claims against the opposition of the free traders and even of the Board. The Charter of 1833 cut through them. It recognized the territorial debts and charged them on the Indian revenues.[226] It provided for a dividend of 10½ per cent secured on the same revenues and a guarantee fund of £2 million (rising to £12 million), which had precedence over all territorial charges. It also provided for redemption of capital at 2 to 1 at the end of 40 years, which was similarly secured by the guarantee fund. There was no longer any uncertainty of remittance from India, nor any anxiety over fluctuations in British and foreign markets. The Court could borrow from the guarantee fund to make good the dividend, and the India government was to send a remittance for repayment at the earliest. The Company did not know whether it would have at the end of its commercial career any assets left to divide. Its commercial property was valued at £21,668,510 on 1 May 1829, but more than 54 per cent of it consisted of goods and merchandise, which might have realized far less, if sold all at once. The rest consisted of debt, due from the territorial branch, which was disputed, and of floating and dead stock, recoverable with loss, if at all. It was far wiser to close with a prospect of £200 for every £100 after enjoying for 40 long years an absolutely secure dividend of 10½ per cent and a relatively untrammelled patronage. Moreover, the salt and the opium monopolies were left intact. The best of the utilitarians—Mill and Mackenzie—fought hard for them, and Tucker, a vehement opponent, could not suggest a substitute.

There were two important innovations in the Act, one granting the Europeans right to own land and the other asserting that no native should by any reason of religion, place of birth, descent, colour, and so on be disabled from holding any place, office or employment under the Company. The former was accompanied with relaxation of the licence laws. No licence was required to get into the Company's territory or to proceed into its interior, provided people, arriving from outside, made known their names to the responsible officers. Licence would be required for residing in certain parts of the territory, not mentioned be-

fore, but could not be revoked except in accordance with its terms. The Governor-General in Council, with the Court's consent, might open other parts of India.

These two clauses, however, were more declaratory in character than is often assumed. European ownership of land had already been allowed by Amherst and liberally extended by Bentinck. In fact, this clause came under the attack of the free traders as falling short of their expectations.[227] The employment of natives, again, was an accomplished fact to which the Charter gave parliamentary blessing. It was vaguely worded and, arousing high hopes which it did neither mean nor propose to fulfil, only exacerbated Indian feelings.

The Charter of 1833, therefore, is important not for its direct but for its indirect consequences. By ending the remittance trade and the China monopoly of the Company, it opened India to the full impact of the Industrial Revolution. The free traders, now more sure of obtaining profitable returns either from India or circuitously through China, could import more and more of British manufactures. Indian piece-goods were now driven out of the native market and the rapid increase of British twist and yarn carried the war into every village home, where, from time immemorial, cotton was spun as a subsidiary employment and an insurance against the vagaries of the season.[228] Recognition of the Europeans' right to own land led to the introduction of the plantation system, when the tea plant was discovered in Assam and the Himalayan foothills by Lieutenant Charlton and Captain Jenkins in 1833.[229] The mining of Bengal coal, already started by Alexander & Co., could be further extended with the development of industry and transport. The establishment of cotton, twist, rice, and flour mills near Calcutta had led to the erection of foundries which could be enlarged into a metallurgical industry. Industrial development necessitated a new system of communication. Steam navigation, introduced under government auspices in the mid-twenties,[230] was put on a sound basis by the creation of the New Bengal Steam Fund (on 22 June 1833) and the River Indus Steam Navigation Company. Although the first railway would be laid in the time of Dalhousie, the government was deliberating as early as 1828 on its comparative advantages over inland navigation.[231] Creation of a national market was assured when transit duties were abolished in 1835, as a

result of Charles Trevelyan's famous report.[232] The new managing agency system depended no longer on the savings of the Company's servants or on loans from the native shroffs, on the limited accommodation offered by a single chartered bank or on the occasional charity of a sympathetic government. It could rely on free import of the surplus capital of England and on larger and cheaper banking facilities, symbolized in the Union Bank, which got a charter in 1835.[233] It was as a culmination of this process that the Bengal Chamber of Commerce was founded on 31 March 1834, 'to receive and collect information on all matters of mercantile interest, bearing upon the removal of evils, the redress of grievances, and the promotion of common good. To communicate with authorities and with individual parties therefor. . .'.[234] This Chamber would be the spearhead of European capital in India in the coming age of enterprise.

Among the subscribers of the Chamber were three Indians —Dwarkanath Tagore, Prasanna Kumar Tagore, and Rustomjee Cowasjee. Dwarkanath was also a director of the Union Bank, the founder of Carr, Tagore & Co., a major shareholder of Fort Glocester mills after 1833, and one of the owners of the Raniganj Collieries since 2 January 1836. His firm soon became the managing agent of the joint stock concern called the Calcutta Steam Tug Association, which, until 1844, never paid less than 10 per cent per annum in dividends. Dwarkanath owned his own dockyard which he leased to the Calcutta Docking Co. In 1844 Carr, Tagore & Co. joined its coal interests with the operators of a rival mine to form the Bengal Coal Co. of which it became the managing agent. It also tried to manage the India General Steam Navigation Co. and the Bengal Tea Association with less success. It did not have the command of capital necessary to establish tea industry in India. It merged with the Assam Tea Company, founded in England on 30 May 1839. Carr, Tagore & Co. managed for a time the discredited Bengal Salt Co. and the Calcutta Steam Ferry Bridge Co.[235] Dwarkanath was the first Bengali entrepreneur in the true sense of the term and one of the earliest examples of native bourgeoisie breaking out of their circumscribed origin in the Permanent Settlement and public service. He was a zamindar and had been the Head *Diwan* of the Company's salt and opium department. Not content with his provincial pasture or his secure pension, he held out for the new spirit of enter-

prise. With justifiable pride he wrote about Carr, Tagore and Company to Lord Bentinck,

> It is so far a remarkable one in the commercial history of Bengal, as it is the first instance in which an open and avowed partnership has been established between the European and the Bengal merchant with the capital of the latter . . . instead of being left dependent upon those resources, which the melancholy experience of late years has proved but too precarious.

He seemed to be conscious of the role of his kind and to articulate the first positive assertion of the Indian capitalist that

> it will be our endeavour to merit the most extended confidence and to take up that position in supporting or unfolding the productive energies of the country which may hereafter connect our establishment and name, in some degree with the general prosperity of India and encourage others to base themselves upon the same principle of combining, as much as possible, the advantages at present too seldom attained, of European and native integrity, wealth and experience.[236]

So much Indian capital was involved in government funds, private loans and trade that George Campbell called Europeans 'agents of native capital.'[237] In Rungta's calculation, the Indian held on average one-fourth to one-third of shares of the various enterprises in Bengal.[238] Tagore, in fact, was responding to the challenge of the Industrial Revolution by way of an economic synthesis while his friend and fellow-reformer, Rammohun Roy, was responding to the challenge of Western thought and ethics by a cultural synthesis. While the medium of the former was partnership of European and native capital and enterprise, the medium of the latter was partnership of European and native thought (through education), and administration (through public service). Moreover, Dwarkanath was interested in education, science and technology, and Rammohun in the introduction of European skill and capital.[239] Like Bentham and Ricardo in England, Tagore and Rammohun were the precursors of a new

age. One of the most important effects of the Charter of 1833 and tis associate events was the emergence not only of a middle class but of a tentative middle-class ideology in India on the fulfilment or frustration of which the future of the Indo-British relations depended. Unfortunatelv, free trade imperialism would frustrate the industrial development, based on Indian and European collaboration, of which Dwarkanath and his European partners dreamt in the 1830s and the 1840s.[240]

# 6

# Some Conclusions

British political and economic expansion in India, which had begun in 1757, completed its formative phase by 1833. During these seventy-five years Britain not only won the paramount political power in India but more than half of Bengal's external commerce. Taking the Customs House valuation, she sent 56½ per cent of Bengal's total imports in 1832 and received 52½ per cent of her total exports. To this the private British capitalist and the private British trader (often the same person) had no doubt contributed the principal share. On 23 May 1831 the Europeans held £22,913,990 of the total India debt—£30,774, 092—which had grown up mainly on account of the territorial expansion.[1]. In 1832 private trade with the United Kingdom accounted for 56 per cent of imports and 31½ per cent of exports, though the Company still plied its remittance trade. Private trade with Europe and America had a corresponding decline. From 13.9/16 per cent of imports and 15.15/16 per cent of exports in 1812 its share had fallen to 6 per cent of imports and 9 per cent of exports in 1832.[2] While in the three years ending in 1832–3 bullion worth s.r. 1,000 was imported from Britain, the Americans alone imported bullion worth s.r. 19,74,287. If to the amount of direct trade with the United Kingdom the amount of the country and the coastal trade be added, the private British traders' share increased still further. The advantages of the Industrial Revolution, now reinforced by free trade, seemed to invest them with absolute control of India's economic destiny.

To deny that the improvement of trade between 1793 and 1833, mainly with Britain, benefited Bengal is to fly in the face of facts. Indian economic historians are too often obsessed with the decay of Indian cotton manufactures to appreciate the re-

markable growth of trade in raw materials. Dutt's criticism of a heavy land tax holding up the productivity of land is not true of the permanently settled part of the Bengal presidency. With the growth of trade the value and volume of the produce of land had increased. In 1795 S.R. 1,12,93,433 worth of goods were imported by land into Calcutta mainly for export to the foreign countries. In 1812–3 the imports by land had gone up to S.R. 2,79,12,927 or by 247 per cent.

Free trade wrought a further revolutionary change. In 1828 Calcutta was importing S.R. 5,93,29,946 worth of goods from the interior which fell to S.R. 4,98,69,037 in 1832 under the impact of a trade depresion in Britain. Compared to 1795, even the lower imports of 1832 registered an improvement of 440 per cent. Remembering Prinsep's warning about the fixed price on which the customs officers made their valuation, while prices of indigo, silk, and other items were rising, it will not be an overstatement to say that Bengal's production of cash-crops had gone up at least three or four times during the span of the forty years under review. Scarcity of specie and the consequent deflationary tendency were a check to production up to 1798. But the years between 1798 and 1822 experienced inflation caused by foreign demand, wars, and free trade speculation. The rise of prices naturally added a stimulus to production which the zamindars of the permanently settled Bengal were not slow to exploit.

Absolute dependence on raw materials, particularly indigo and silk (and opium), had its obvious weaknesses. The decline of Bengal's indigenous cotton manufacture left the primary producers a helpless prey to international economic forces, swayed by the vagaries of industrial capitalism.[3] The depression of 1826–7 and the consequent fall of raw material prices[4] were the first indication of the extreme vulnerability of her unbalanced economy. It showed the shape of things to come if India did not quickly industrialize and was relegated to play the subordinate and complementary role of a raw material producer.

Although Dutt is right in denouncing the British manufacturer for denying Indian cotton industry free trade and for depriving it of protection, he does the East India Company an injustice by making it a party to that policy. It is true that after Plassey, and especially in the 1780s and 1790s, the Company used its political authority to exclude other competing mercantile groups

from the market; regulations were passed from time to time to monopolize cotton piece-goods and silk, but the Company tried its best to save Indian cotton manufactures with whatever patronage it could afford. It fought with no less zeal than the free trader for the reduction of tariff in England. The policy of imposing transit and town duties was neither laid down nor retained at the behest of the Court and, after 1815, it often dwelt on the injustice of retaining them on piece-goods and cotton. Indeed, this was more harmful to India than high tariffs in England, as it facilitated capture of her home market by the British cotton manufacturer and precipitated the inevitable decline of producing centres like Dacca so feelingly described by Charles Trevelyan before the Select Committee of the House of Commons in 1840 and by Bishop Heber in his *Indian Journal*. Nothing short of mechanization of the Indian cotton industry could have prevented the disaster.[5] The Company's concern for remittance trade caused, according to G. E. Hubbard, a definite hiatus between the decay of the indigenous industries and the rise of factories and large-scale concerns.[6] So far as raw materials were concerned, the Court's correspondence with the Indian governments, amply quoted in this book, illustrate the solicitude it felt for their improvement. If cotton and silk were so developed by 1832 that one could satisfy the China market and the other the British, the Company should get its due reward of praise. Indigo owed its origin to the Company's favour, and the Court never forgot to warn the planters against over-production, nor did the Bengal government fail to rescue them from its effects. The only obstacle before the Company regarding investment in cotton and sugar, besides finance, was the incubus of the Shipping Interest which demanded a freight too high for gruff goods. But, within that limitation, it proved helpful. The West Indies Sugar Interest deserves greater blame than the Shipping Interest for the exclusion of Indian sugar. The Liverpool importers of American cotton, produced by slaves, should bear more responsibility for the exclusion of Indian cotton from the British market. The Company's monopoly was no doubt an insuperable barrier before the import of capital for the development of Indian raw materials but it is at least debatable how much could have been imported during the Revolutionary and the Napoleonic Wars which created an insatiable demand for capital nearer Britain and

were not propitious for a large-scale sea-borne trade with India.

One of the trickiest problems that has plagued Indian historians is the problem of the 'drain'.[7] The concept of 'drain of wealth' was first formulated by Harry Verelst, Philip Francis, and Edmund Burke. It was mooted systematically in the *Ninth Report* of the Select Committee in 1783, which bore the majestic bias of Burke against the Company, and was thereafter taken up by Brooks Adams, Dadabhai Naoroji, William Digby, Romesh Chandra Dutt, and a host of scholars following them. Brooks Adams made a facile generalization on meagre data that the Industrial Revolution in England was financed by the Indian drain (he called it 'Plassey plunder').[8] It was all too glibly pounced upon by the nationalist historians and politicians to be used as a powerful weapon against British imperialism. In K. N. Chaudhuri's words,

> Indian historians have been in the first place excessively concerned with qualitative evidence as opposed to quantitative and empirical observation of data. Secondly, the selective method of presenting evidence, as implied by the above point, has been inspired by a corresponding preoccupation with welfare postulates in the place of a positive approach.

Dutt gave the drain theory a quantitative definiteness and a moral tone which tempted an easy acceptance. It seems now that he asked some wrong questions and the whole question needs rethinking on a strictly economic plane free from any ethical twist. Holden Furber has warned us against considering it solely in terms of Bengal. The nature of this study precludes us from an analysis of trade of the other presidencies, which alone can give us some clue to the truth, and though we possess the full statistics of Bengal trade, the unreal method of valuation at the Calcutta Customs House makes them no more than a tentative illustration of tendencies. It is true that, so far as Bengal was concerned, there was always a 'drain' in the sense of an excess of exports over imports[9] except in 1818–9. The more important question, however, is neither the fact of 'drain' (which cannot be disputed in the above sense), nor its actual amount (which can never be computed),[10] but its nature and whether it was

taken away, as is alleged, without any 'direct equivalent' given in return.

Dutt failed firstly to differentiate between trade on private and on public account, nor has he differentiated between 'drain' before 1813 and after 1813, the former arising from an application of territorial revenue to the provision of the investment and the latter from remittance of an equivalent of the charges in England. Secondly, if the drain by the Company during 1793–1833 was mostly in the form of goods—not surely in gold, as bullion imported on public account often exceeded what was exported—these goods were bought in the Bengal market for some value. Was it not, then, returning some direct equivalent to the land in the shape of prices? Was it not assisting to that extent in the development of, or at least in maintaining the quantum of, industry and agriculture with a part of the State revenue? Does it really matter whether muslin was worn by a Mughal princess or a Versailles belle? In the case of 'drain' on private account also, this indirect encouragement of production must be acknowledged.

Had private British fortunes not been available to finance the investment, the total of Bengal's foreign trade and, therefore, the demand for certain commodities would probably have been lower. Much of this 'drain' took place in the medium of indigo and Buchanan Hamilton in 1807,[11] W. Fairlie in 1813,[12] and Rammohun Roy and Dwarkanath Tagore about 1829[13] spoke of the benefits it conferred on the countryside. But for the Company's remittance trade after 1813 much more private capital would have been invested in Bengal in raw materials. As it was, about £2 million worth of Bengal goods were purchased by the private traders each year—a fact to be reckoned with when we cast up the balance sheet of the so-called drainage.

In answer to a question put by the Select Committee of 1840 as to the effect of export surplus on India, Horsley Palmer said that the degree of impoverishment was substantially reduced if the remittances were made in the produce of the country because

> the money levied in the shape of tax upon the population of India is re-expended in the production of India for which a demand arises in Europe and therefore, though the drain

> to a certain extent does exist, still it is so small as not materially to affect the prosperity of the country.

Two important reservations may be made. Firstly, was there a surplus revenue to buy goods with for the investment or for the remittance of the home charges, after meeting the expenses of the imperial expansion? or was such investment and remittance by trade made from loans? If the government resorted to loans, then it was surely cancelling much of the benefit by adding to the general burden of interest. Except in so far as such loans provided for the investment of native capital, the burden was real, and, even in that case, the benefit was not equally distributed. The government's demand always tended to raise the interest rate in the domestic money market to the detriment of the producers and the middlemen who depended on borrowed capital. When, to pay annual interest on debt incurred for the investment, salt monopoly or transit duties were kept up, the system of loan-financed trade impeded production.

The Company never admitted that it borrowed for trade. It naively asserted that its own capital was large enough for the needs of the India and the China trades! If the loans were not for trade, they were for war. Such loans could be said to have purchased peace and order and unity, the basic necessity for any progressive economic development. But that they could have been better employed on actual productive purposes can hardly be denied. If they were incurred for meeting the charges in Britain, it must be admitted that some of these charges could not be debitable against India in fairness and justice.

Secondly, were the Company and the private British traders depriving native merchants of their legitimate business and the native primary producers of their fair remuneration? In N. K. Sinha's view, they did both.

> The *dadney* merchants of the late Mughal period had to sink into the position of delols and pykars or abandon business altogether. . . . The weavers of cotton goods gradually sank into the position of serfs.

Even in the domain of the Vizier of Oudh, the Board of Trade admits of 'establishment of a system highly unfavourable to the

manufacturer and secondly the exclusion of the native merchants.'[14]

It would have been in the interest of India and the Indian capitalists to monopolize the public debt. The rapidly mounting income from empire-building would then have remained in India. The opposition of Dutt and many other economists of his generation was not so much to the growth of a British Empire in India as to investment by the private British capitalists in that enterprise. But it is doubtful whether so much capital would have been available from native resources alone or the Indian capitalists would have agreed to accept the gradually diminishing rate of interest on public loans so long as land or rural money-lending remained more remunerative. It was stagnation of trade which persuaded the Europeans to accept less and less for their superfluous money provided they obtained remittance in bills for the principal and interest. Had trade been free from 1793 and had there been no war, it is doubtful whether the private British capitalist would have cared so much for the building of the British Empire. As such, the opening of India trade in 1813 had some effect on the ratio between the European and native holdings of public securities. By 1832 the natives considerably increased their share of the Company's paper and, had trade not been dull since 1826, would have increased it further.

Some of the financial muddles followed from lack of knowledge and experience. Disraeli once said, '. . . India that has produced so many great men, seems never to have produced a Chancellor of the Exchequer.' War finance, an art still wrapped in mystery, was unknown in the Company's India which had been called upon to fight an almost unbroken chain of wars since the days of Warren Hastings. There was no finance department until 1844 and no finance member until 1859. The Governor-General in Council had to manage Indian finance as best as they could along with hundreds of other pressing problems. The financial policy they adopted was more often a product of hasty expediency than of a calm understanding of the full significance of the economic forces at play. The close connection between trade and finance added to the complexity and the home charges compounded the difficulties, already inherent in a dual system of financial management. Leadenhall Street and Fort William were often at cross purposes. The prodigality of the provincial authorities plagued the

peace of the Bengal government. The Board of Control would order expenditure over the head of the Court. There might have been some respite had the employment of native agency been decided earlier. But the Cornwallis prejudice died hard. The prevailing dogma of *laissez faire* cramped expenditure on nation-building activities, and even if there was a will, the Indian government found it hard enough to keep afloat financially.

It is as idle to anticipate a welfare state at the beginning of the nineteenth century as it is unjust to impute a premeditated plan of exploitation. Bengal did not begin to go downhill from a certain date in 1757. The causes of distintegration had begun to operate in her political, economic and social system before the British assumed the sovereignty of Bengal. Lack of foreign trade (as distinct from coastal trade), shipping,[15] banking,(not permitted to develop by the monopoly of the Jagat Seths) credit and joint stock organization were obstacles to development. The absence of peace, order and national cohesion (impossible after the dissolution of the Mughal Empire) was a further impediment. The limitations on a free scope of large scale production (dependent on peace and order) and adequate protection for private property (necessary for the growth of capital), together with the absence of a strong middle class (to supply leadership), contributed to the inertia of economic life in Bengal.[16] Caste stood against initiative, chaos against enterprise, localized markets against a national market, and economic fragmentation against formation of capital. Over a society divorced from the State hung the whim of gods and local lords which confined thought by fatalism and action within the simple needs of the day. The impact of a complex alien administration and a superior economic system naturally proved ruinous to this rotten edifice.

But how far did this impact contain the seeds of a new economic life? Had the imposition of an alien economy a positive, creative role? We must analyse its consequences for each social class to answer this question.

First of all, let us consider the zamindars, in whose favour the Permanent Settlement was enacted. In Dutt's opinion, that was the only beneficial act performed by the Company. A review of the period compels us to modify this attitude of our Victorian forebears. Apart from its injustice to the peasantry who were at least co-sharers of the produce of the soil,[17] Cornwallis relin-

quished in advance the source of land revenue by permanently fixing it. This had incalculable repercussions on Bengal finances. The State was forced to borrow to meet the increasing cost of administration consequent on continuous imperial expansion in the early nineteenth century. What the people saved in taxation, which was fixed for all time, they paid in the shape of interest, which was remitted to London. Moreover while one class in the society received the unearned increment, the loss was spread over all classes. Debarred from a larger revenue from land, the State had to keep up the injurious inland duties and the monopolies and had little to spare for nation-building activities.

Every institution depends on the character of the people who work it. The Permanent Settlement was meant to give the zamindars a hereditary ownership of the soil so that they would have a stake in the improvement of tillage and would plough back their profits into land. This did not happen. Over-assessment[18] led to revenue sale and revenue sale to a transfer of ownership to the hands of speculators who had no hereditary link with the soil or with the people who tilled it. Fragmentation of estates and rise of land values helped this process. Quite a few of the new owners came from the middle class, created by the expansion of British administration and commerce, who made their fortunes as *banians* of Englishmen or as *benami* farmers of revenue (the Collector being the real farmer) or clerks in the Commercial Residencies and in the Revenue and Judicial Departments. They were in a special position to manipulate revenue sales in their own interest. These people were mostly absentees to whom land was one of several alternative fields of investment.[19] They bought and sold according to the returns land gave, squashing in that way all subordinate rights.[20]

The State, now hopelessly dependent on land revenue, was blackmailed by them to part with extensive rights of distraint which put the peasantry entirely in their hands. Introduction of the *patni* tenure increased the number of middlemen between the ryot and the State. All this took place in a period when prices of Indian raw materials were rising. The increased profit from land, therefore, was absorbed in unrestrained enhancement of rents. The peasantry lost the margin of profit which was rightfully theirs. Worse still, zamindars, talukdars, and middling farmers turned money-lenders as the spread of money economy

and increase of production raised the need for rural credit. The union of the zamindar and the money-lender in the same person was an unmitigated disaster for the country's economic development. It deprived industry and trade of capital and it shackled agricultural improvement by taking away the only incentive before the peasantry.[21] Production no doubt rose but cultivation was more extensive than intensive in character. So many more acres were brought under the plough without any enrichment of the quality or reduction of the cost of production. The only other class that gained from this system was the officials attached to zamindars and intermediate tenure-holders.

In 1793 Bengal scarcely had a class engaged in what could be called foreign trade. The coasts were the limit. The coastal trade could not have survived the cut-throat competition of the British country traders, and its decay was only delayed for a while by the development of the European trade and the American trade during the Revolutionary and the Napoleonic Wars. The loss of this patronage after 1813 was considerable, and the fall of the rate of freight after the arrival of the free traders made further overseas adventures unprofitable. What was lost, however, was partly made up by the rapid development of internal trade. Though inland traders still struggled under transit and town duties and the thousand and one harassments incidental to an antiquated customs system, they had benefited as a class just as the zamindars. The benefit, no doubt, could have been greater, had not the British agency houses claimed the lion's share of the Indo-British trade[22] and monopolized the indigo business and had not indigenous cotton manufacture succumbed to British cotton manufacture. The sale of European manufacture in the interior furnished some fillip, and Indian names like Ramratton Mullick, Radha Madhab Bonarjee, and Brajamohan Mukherjee, figure among its biggest purchasers. The salt business was entirely in the hands of Indians. Some of the small contracts (like the sloop contract) fell to them. Here, as in the case of land, the bigger dealers turned money-lenders and soon had a stranglehold on Bengal's internal trade. What was worse, the rise of rent from house property and land values tempted them to invest in Calcutta houses and zamindaris, which became significant status-symbols.

The primary producers were pressed between the millstone of

the zamindar and the netherstone of the capitalist who advanced the expenses of production. The advance system was not the cause but the consequence of poverty and lack of capital. The Company did not originate it. It only took up an age-old practice to secure its European investment. Given free competition, there was a greater likelihood of the primary producers getting a fair remuneration for their labour at the loom or at the filature. The evils of the advance system would have been eliminated to a large extent by competition among people eager to make the advance. The Company's monopoly prevented this. John Bebb shows the percentage difference of prices between private muster and the Company's muster in 1790.[23] Taylor's estimate of profit and loss of the weavers of Narainpur factory (Dacca) on the investment of 1794 shows how the weavers were losing.[24] The Company's prices were not merely low, they remained constant in spite of rising prices of daily necessities, especially in famine years, such as 1788–89. Prices of rice and raw cotton continued to rise in all places from 1792–93, but the weavers received no proportionate increment. The weight of the Company's capital was enormous.

More responsible than monopoly, and often injurious to it, was the right of private trade given to the Commercial Residents. They often abused Regulation XXXI of 1793 to force the weavers of piece-goods or the winders and reelers of silk to accept what price they chose to give for their own private investment. The Board of Trade Proceedings are full of complaints of exaction, fraud, and chicanery for which the native officers were usually more to blame but in which the Europeans always acquiesced.[25]

The primary producers fared no better when there were middlemen between them and the Commercial Residents. The *pykars* and *dalals,* who got silk worms from the breeders or mulberry plants from the cultivators, defrauded them of their proper share of profits. More harmful was the uncertainty that hung over all transactions. The weavers often found to their dismay that a part of their cloths was rejected as below the Company's prizing. The price of silk *bunds* was settled after reeling. This inevitably ended in the evil system of perquisites which purchased the goodwill of the officers concerned. Throughout our period the Committee of Warehouses went on complaining of 'foulness of silk,

and unevenness of the cloth of certain factories, which can be explained in the light of these nefarious practices. A new class, based on grafts and illegal exactions, was emerging in society while the actual producers were subject to the vicious circle of the advance system.[26]

In the case of private investment, which consisted mainly of sugar and indigo, profits were largely shared between the agency houses and the European planters and manufacturers. Whatever was left was claimed by the *gomastha,* who charged the inevitable *dustoorie,* the zamindar, who raised the rent, and the money-lender, who put up the rate of interest. The evils of the advance system were most conspicuous in indigo cultivation. But, here again, the native *gomasthas* should get their share of blame and the zamindars' pose as the champion of the oppressed should be disallowed, for, in their own plantations they behaved no more tenderly.

It is idle to expect the weaver, the winder, or the indigo-grower to save capital out of his remuneration to free himself from this cash nexus. Dr Buchanan Hamilton in his sample survey of the Bengal districts put the average remuneration of the mulberry cultivators at Rs 5.12*as. per* month, the cocoon rearers at Rs 3.8*as.* per md. of cocoons, the winders of silk at Rs 7 per month, the weavers of mixed and silk goods (man and wife working) at Rs 5 per loom per month, the weavers of cotton piece-goods (man and wife and often another working) at Rs 7 per loom per month, the hired weavers at Rs 2.4*as.* to Rs 3.8*as.* per month and the cotton-spinners at Rs 3 per year. The Company paid no higher wages to its workers.[27] Indigo gave nearly Rs 3 to Rs 5 per month; poppy gave Rs 3 to Rs 3.8*as.* per seer of juice, salt manufacture gave Rs 50 per 100 maunds in 1790 but Rs 80 or more in 1832,[28] and saltpetre gave about 14*as.* per maund when the Company gave up its saltpetre monopoly.[29] The landless labourer hired himself out for domestic work at Re 1 or 8*as.* per month, besides food and cloth and usually a piece of land on a share-cropper basis. These scales of remuneration must have gone up with the free trade speculations (after 1813) but the rise of prices of food and raw materials like cotton[30] must have kept down real wages and the depression of 1826 arrested them for the time being.[31] The primary producers were caught in the whirlpool of world prices and were in arrears with the planters,

the zamindars, and the village money-lenders. In trying to satisfy one with money borrowed from another they enmeshed themselves more helplessly in debt, especially in a period of continuously rising food prices. Buchanan Hamilton's picture of Bengal districts (1807–10) was sad enough. The stratification of rural society had already begun. It was further extended by the end of our period.

Another factor, neglected by the historians, is the rise of population. The famine of 1770 had destroyed about a third of Bengal's population and Cornwallis refers to jungles all over Bengal in his Minute on the Permanent Settlement. An estimate of population of Bengal, Bihar, Orissa, and Banaras compiled by the Collectors in 1789, puts the total at 2,39,48,653.[32] In 1822 Henry Shakespear, Superintendent of Police in the Lower Provinces, made another estimate which puts it at 3,75,03,265.[33] The increase was not as rapid as it would be in the latter half of the century and the censuses were none too reliable but, when coupled with the destruction of cotton manufacture, the rise of population must have increased some pressure on land.

This tentative survey of different classes leaves much to be desired. But the present study is not concerned with these problems. Its purpose will be served if it can clarify the obvious effects of the development of Indo-British commercial and financial relations between 1793 and 1833 on Bengali society. These had directly led to the creation of a middle class, dependent on holding of land, public securities, and inferior public office, and indirectly to the formation of a middle class, based on legal and commercial professions, though the lines of demarcation between them are not clear as the latter usually invested their earnings in land. British rule had assured formation of capital by establishing peace and order. The Charter of 1833 had opened the way for import of capital from England, so necessary for economic development. Destruction of native manufacture and the effect of the Permanent Settlement had combined to produce a sizeable body of landless labourers. Apparently, the time seemed ripe for an Industrial Revolution in Bengal under British management, financed by the joint resources of British and native capitalists, which would open avenues of employment to the middle classes, divert capital from land to industry and reduce the increasing pressure of population on land. Apparently, again, the time seem-

ed ripe for a protectionist policy which would guard the interest of that Industrial Revolution from foreign competition and the interest of the peasantry from the planter, the rentier and the money-lender. This, however, did not happen. The next chapter of India's economic history is concerned with the sacrifice of India's industrial potentiality, the frustration of the Indian middle class, and the deterioration of the condition of the Indian peasant.

# Notes

## *1 THE CHARTER OF 1793*

1 *Parl. Hist.* XXVI, p. 160; XXVII, p. 566.
2 *Strictures on the Asiatic Establishments of Great Britain* (London, 1799).
3 Funds available for investment in future:

| | | |
|---|---|---|
| Surplus revenue | — | £1,725,000 |
| Interest on debt | — | £561,293 |
| Total | — | £1,163,077 |

Estimate of sale value of exports from Britain and sum received from sale of certificates

| | | |
|---|---|---|
| | | £ 350,000 |
| Total | — | £1,513,007 |

Dundas makes other adjustments to bring it to a minimum of £1,409,127.
4 Dundas admitted that this did not include interest or insurance charges.
5 Mr Dundas's speech on East India Finance, 25 February 1793, Heads of Dundas's speeches (on Indian Finance), 1788–95.
6 A current rupee is a book-keeper's fiction worth two shillings.
7 Holden Furber, *John Company at Work* (Cambridge, Mass., 1948), p. 268.
8 Leaving out dubious debts owing to the Company, Francis Russell calculated Indian assets at £5,305,806 and assets in England at £12,776,692. 'Concentrated view of the Affairs of the East India Company regarding their Commerce and Finance', 14 April 1790, Home Misc. 208, pp. 195–211.
9 App. XXIII, Report of the Committee of Accounts, 15 February 1793, Home Misc. 401, p. 193.
10 Home Misc. 208, pp. 228–9. Another account places it at £7.2.6 per cent. George Anderson calculated a loss.
11 Holden Furber, op. cit., pp. 268–9.
12 Holden Furber. op. cit., p. 307.
13 The *First Report* of the Select Committee appointed by the Court of Directors to take into consideration the export trade from Great Britain to the East Indies, 1 September 1791, puts the net loss on woollens at £37,790 and the profit on metals at £9,875 between 1783–90. I.O. Charters, Vol. 10.
14 App. G., Dundas's budget speech, 1793, op. cit. The *Second Report* of the Select Committee of the Court, 29 December 1791, puts

exports of merchandise, metals, and stores to India at £1,179,342, £1,561,841 and £1,255,259 respectively. Home Misc. 401, p. 31.

15 App. XXXII, Report of the Committee of Accounts, op. cit., p. 210. Bills of exchange on London granted by the Company to its servants and other Englishmen in Bengal, in lieu of money, between 1709 and 1783, have been calculated by P.J. Marshall as follows:

| Year | £ |
|---|---|
| 1709–30 | 443,760 |
| 1731–55 | 1,840,842 |
| 1756–69 | 2,666,948 |
| 1770–83 | 5,529,475 |
| | £10,381,025 |

See Tables V–VIII, P. J. Marshall, *East Indian Fortunes: The British in Bengal in the Eighteenth Century* (Oxford, 1976), pp. 229. 232, 241 and 250.

16 *Ibid.*, App. XIV, p. 177.

17 During 1766–1784 China received £94,000 per annum on the average. Home Misc. 370, p. 63 and Letters from Canton to Bengal in Home Misc. 795, pp. 65–6. During 1786–90 India supplied China with C.R. 21,21,686 per year. E.H. Pritchard calculates that Canton was able to draw bills for just over £3,000,000 between 1769 and 1783. See *The Crucial Years of Anglo-Chinese Relations 1750–1800* (Washington, 1936), p. 400. In Marshall's view, half of this came from Englishmen in Bengal. Marshall, op. cit., p. 250.

18 Francis Russell, op. cit.

19 App. XI, Report of the Committee of Accounts, op. cit., p. 172.

20 *Ibid.*, App. XIV, p. 177.

21 *Ibid.*, App. XXXII, p. 210. See footnote 15 earlier.

22 *Ibid.*, App. XV., p. 177.

23 Dundas's budget speech of 1793, op. cit.

24 Home Misc. 404, p. 73.

25 Warren Hastings, *Memoirs Relative to the State of India* (1786), pp. 18–19.

26 *Ninth Report*, 1783, Apps. 18, 20A and 11. One-fifth of the principal of the remittance loans was to be repaid in London each year. 'Investment loans', raised for the purchase of the investment, amounted to one crore rupees (approx. £1 million), *Fort William—India House Correspondence* (N.D.). IX, pp. 315, 401, 418–20.

27 App. XII, Report of the Committee of Accounts, op. cit., p. 173, and App. I, Dundas's budget speech, op. cit.

28 George Smith to Dundas, 30 November 1785, Home Misc. 434, pp. 208–9.

29 *Ibid.*, p. 215.

30 Sulivan's plan for transfer of debt, Home Misc. 369A. p. 26.

31 George Smith to Dundas, 27 January 1785, Home. Misc. 434, pp. 33–48.

32 *Ibid.*, p. 71, George Smith to Dundas, 14 February 1785.

33 Lord Macartney to the Commitee of Secrecy, 14 October 1784, Home Misc. 370, pp. 141–2.
34 Macpherson's Minute, 9 April 1785, Home Misc. 370, App. 2, p. 152.
35 G.G. in C. to Court (Foreign), 25 October 1785.
36 George Smith to Dundas, 5 August 1785, Home Misc. 434, p. 133.
37 C.H. Philips, *The East India Company 1784–1834* (Manchester, 1940), pp. 47–8.
38 The Convention was rejected by the French foreign minister Vergennes, who considered it humiliating and knew that private dealing with the British would be more profitable. Holden Furber, op. cit., p. 35. Private traders opposed it, too. Macpherson to Lord Hawkesbury, 17 September 1787. Add. MSS. 38,409, pp. 187 ff.
39 Professor Philips thinks that Dundas wanted to encourage the Company's financial embarrassments in order to make it more amenable to his control. op. cit.
40 Home Misc. 369A, pp. 21–7.
41 Board of Court, 10 September 1785, Home Misc. 370, pp. 19–49.
42 George Smith to Dundas, 30 November 1785, Home Misc. 434, pp. 207–9. Macpherson to Pitt, 17 September 1787, Home Misc. 86, p. 698.
43 James Sibbald to Dundas, 25 April 1787, Home Misc. 370, p. 433; also Nesbitt Thomson to Hastings, 9 February 1786, Add. MSS. 29,168, pp. 52 f.
44 David Scott's Memorandum to Court, 3 April 1787, Home Misc. 404, p. 63.
45 Court to G. G. in C. (Public), 27 March 1787.
46 Cornwallis to Dundas, 14 August 1787, A. Aspinall, *Cornwallis in Bengal* (Manchester, 1931), p. 13.
47 Cornwallis to Dundas, 15 November 1786, C. Ross (*ed.*), *Correspondence* (London, 1859), Vol. 1, p. 227.
48 Dundas to Cornwallis, 8 August 1789, Aspinall, op. cit., p. 185.
49 Cornwallis to Dundas, 14 August 1787, Ross, op. cit., p. 271.
50 G. G. in C. to Court (Secret Separate), 9 January 1789.
51 Cornwallis to Court, 2 May 1792.
52 Cornwallis to Dundas, 26 August 1787, Ross, op. cit., p. 278.
53 By 22 March 1787, complete instructions on the changeover to the agency system went out. Misc. 393, pp. 4–6.
54 For various regulations concerning the weavers, see N. K. Sinha, *Economic History of Bengal* (Calcutta, 1956), Vol. 1, pp. 153–55.
55 Bengal Public Consultations (Straits Settlements), 2 May 1786.
56 G. G. in C. to Court (Secret Separate), 9 January 1789.
57 Cornwallis to Dundas, 4 November 1788, Ross, op. cit., p. 378, and *ibid.*, p. 446, 7 November 1789.
58 Eur. MSS. D. 281, p. 10.
59 Home Misc. 370, p. 685.
60 Scott MSS., Home Misc. 404, p. 178.
61 P. J. Marshall, op. cit., pp. 44–6.

62 *Ibid.*, pp. 115, 120, 237.
63 *Ibid.*, pp. 115, 119, 237.
64 *Ibid.*, pp. 115, 121–3, 126.
65 B.P.C., 14 April, 23 May, 6 June, 1763, Range 1, Vol. 35., pp. 391 ff.; Vol. 36, pp. 39, 52 ff.
66 Barwell to Graham, 24 March 1776, *Bengal Past and Present,* XIV (1917), p. 234.
67 P. J. Marshall, op. cit., 191–2, 195.
68 *Ibid.*, pp. 193–4.
69 *Ibid.*, pp. 196–7.
70 *Ibid.*, pp. 199–201.
71 *Ibid.*, p. 203.
72 While Adam Smith considered 8 to 10 per cent a good interest rate in England in 1776, internal trade yielded 100 per cent or more in 1764. *Ibid.*, p. 49. Clive found about £1,500,000 in Bengal about 1767.
73 Diamonds from Banaras sent after 1765 would be worth £275,000. Some more were sent via Madras. (Clive sent £30,000 in 1757). *Ibid.*, pp. 222, 255.
74 Bills via the French and the Dutch after 1757 amounted to about £4,000,000—in almost equal shares. *Ibid.*, p. 255. The Danes took away £750,000 after 1778. Ole Feldback, *Indian Trade under the Danish Flag 1777–1808* (Copenhagen, 1969).
75

| Years | Bills on E.I. Company | |
|---|---|---|
| 1709–30 | £443,760 | |
| 1731–55 | £1,840,842 | (£465,307 in 1758–9) |
| 1756–60 | £2,666,948 | |
| 1770–83 | £5,429,475 | |
| | £10,381,025 | |

76 21 Geo. III, Cap. 65, Sec. 29.
77 *The Bengal Calendar and Register,* 1790, pp. 113–38.
78 Fergussons dealt with the French, Paxtons with the Dutch, and Barretto with the Portuguese. Holden Furber, op. cit., II–IV.
79 G.G. in C. to Court (Public), 3 September and 4 December 1792, March 1793.
80 G.G. in C. to Court (Public), 12 August 1793.
81 G.G. in C. to Court (Military), 3 September 1792.
82 G.G. in C. to Court (Comml.), 14 December 1792, 18 May 1793.
83 G.G. in C. to Court (Military), 20 January 1793.
84 G.G. in C. to Court (Comml.), 18 May 1793.
85 G.G. in C. to Court (Comml.), 29 January 1793.
86 Holden Furber, op. cit., p. 91.
87 Home Misc. 795, pp. 65 *et seq.* The Directors ordered Bengal to supply Rs 40 lakhs to Canton out of *Diwani* revenue in 1767. By 1773 it was found impossible, and the private channel of remittance was sought. In 1781 the Company sent two ships from Calcutta to Canton loaded with opium bought with money advanced by

individuals in return for bills on London. It was found, however, that if bills were available in Canton, much larger sums from Calcutta would find a way there. In all bills for about £3 million were issued at Canton between 1770 and 1783 for money received from India. See E. H. Pritchard, op. cit., p. 400. On the role of opium in eastern trade, see Marshall, op. cit., pp. 99–101; also Holden Furber, *Rival Empires of Trade in the Orient 1600–1800* (Oxford, 1976), chap. 6.

88 Warren Hastings, op. cit., p. 18.

89 Minute on the Court's letter of 31 July 1787.

90 This was done at the behest of the creditors. Home Misc. 370, pp. 433–5.

91 George Smith to Dundas, 10 January 1790, Home Misc. 434, p. 361.

92 Sir James Steuart, *The Principles of Money Applied to the Present State of the Coin in Bengal* (1772). See also George Smith to Dundas, 27 January 1785, Home Misc. 434, pp. 57–64.

93 Dr J. C. Sinha, 'Economic Theorist among the Servants of John Company, 1766–1806'. *Economic Journal*, March 1925.

94 Francis's Minute on Coinage, 13 March 1775.

95 *Cambridge History of India*, Vol. V., p. 334.

96 M. H. Khan, *History of Tipu Sultan* (Calcutta, 1951), p. 148.

97 M. H. Khan, op. cit., p. 165.

98 George Smith to Dundas, 13 April 1790, Home Misc. 434, p. 405.

99 J. C. Sinha, op. cit.

100 Anthony Lambert to Lord Cornwallis, 8 September 1790, Eur. MSS. D. 281, pp. 15–7.

101 George Smith to Dundas, 6 January 1791, Home Misc. 434, p. 536.

102 *Ibid.*, George Smith to G. G. in C., 20 July 1790, pp. 437–42 and pp. 471–8.

103 Eur. MSS. D. 281, pp. 11–13 and 22.

104 J. C. Sinha, op. cit.

105 Holden Furber puts it at £1 million but adds that £773,551 went to Madras alone: op. cit., p. 307, f.n. 10, 11.

106 It brought also the ports of Calicut and Cannanore and the rich pepper districts of Malabar.

107 Thomas Graham to Dundas, 6 December 1792, Home Misc. 437, p. 33.

108 G.G. in C. to Court (Comml.), 30 November 1793.

109 G.G. in C. to Court (Public), 14 December 1792.

110 W. H. Moreland, *The Agrarian System of Moslem India* (Allahabad, undated reprint), p. 18, and *India at the Death of Akbar: An Economic Study* (London, 1920), p. 3; S. Nurul Hasan, 'The Position of the Zamindars in the Mughal Empire', *I.E.S.H.R.*, no. 4 (1964), pp. 107–19, *Thoughts on Agrarian Relations in Mughal India* (Delhi, 1973) and 'Zamindars under the Mughals', chap. 2 in R. E. Frykenberg (*ed.*), *Land Control and Social Structure in*

*Indian History* (Wisconsin, 1969); Irfan Habib, *The Agrarian System of Mughal India* (Bombay, 1963); N. A. Siddiqui, *Land Revenue Administration under the Mughals* (Bombay, 1970); B. R. Grover, 'Nature of Land Rights in Mughal India', *I.E.S.H.R.*, no. 1 (1963), pp. 1–23; Abdul Karim, *Murshid Quli Khan and His Times* (Dacca, 1963); N. K. Sinha, *Economic History of Bengal*, Vol. 2 (Calcutta, 1962); Ratnalekha Roy, 'The Bengal Zamindars, Local Magnates and the State before the Permanent Settlement', *I.E.S.H.R.*, Vol. 12, no. 3, pp. 263 *et seq.*, especially zamindari as a local unit of government. In Rani Bhavani's Natore estate the *paiks* maintained order, revenue officials kept the embankments in repair, agents constructed tanks and temples and supported teachers, *vaids* and priests. Mir Kasim tried to survive by dispossessing intermediaries on a large scale and put great pressure on Dinajpur, Nadia, and Rajsahi. See A. B. M. Mahmood, *The Revenue Administration of Northern Bengal* (Dacca, 1970).

111 See P. J. Marshall, op. cit., pp. 190 *et seq.*

112 R. Guha, *A Rule of Property for Bengal* (The Hague, 1963).

113 Though Francis claimed authorship of the Permanent Settlement, Cornwallis's settlement differed on two aspects. While the former emphasized non-intervention in matters concerning ryots, the latter reserved power to legislate about them, although nothing really was done. Secondly, while the former wanted assessment to be limited by the government's needs, Cornwallis aimed at maximum revenue.

114 See also Court's despatch of 21 September 1785, I.O., Vol. 14, pp. 243–4.

115 N. K. Sinha, *Economic History of Bengal*, Vol. 2, p. 177. This view has recently been challenged by Ratnalekha Roy in her Cambridge Ph. D. thesis, 'Change in Bengal Agrarian Society: A Study of Select Districts (1760–1850)'. Most of the lands, in her view, were purchased *benami* by Zamindars or their *gomasthas*. Also, M. S. Islam, 'The Permanent Settlement and the Landed Interests in Bengal (1793–1819)', Ph.D. thesis, London, 1972.

116 The idea of heavy assessment has been challenged by Eric Stokes and others. See Chittabrata Palit, *Tensions in Bengal Rural Society, etc.* (Calcutta, 1975), pp. 12 *et seq.* But for contrary views, see B. B. Chaudhuri, 'Land Market in Eastern India 1793–1940', *I.E.S.H.R.*, Vol. XII, no. 1, pp. 2–3. The question can be best judged from the case of Nadia raj. The Collector of Nadia conceded that Raja Isvar Chandra Roy was being asked to pay 'near a lakh of rupees more than was ever realized from the district for a period of 21 years commencing in 1172 b.s.' See Collector of Nadia to Board of Revenue, 2 September 1790. It is clear that the lands of Nadia raj were sold for arrears to Calcutta *banians* like Baranasi Ghosh, Muktaram Bose, and Jaynarayan Ghoshal and to local traders like the Pal Chaudhuris of Ranaghat and mofussil landlords like the Sinhas of Kandi, the Ghoses of Natore and the Dattas of Krishnagar. Within two decades the raj withered away but not before creating a host

of under-tenures. See Radhamadhab Saha's 'British Administration in a Bengal District: Nadia 1785–1835', Ph. D. thesis (unpublished), Calcutta, 1972.

117 G.G. in C. to Court (Public), 3 September 1792; N. K. Sinha, op. cit., pp. 188–90.

118 Dr Bankey Bihari Mishra, *The Judicial Administration of the East India Company in Bengal 1765–82* (Bihar and Orissa Society), p. 274.

119 C. H. Philips (*ed.*), *The Correspondence of David Scott, 1787–1805*, Vol. 1, Introduction.

120 Holden Furber, op. cit., p. 221.

121 C. H. Philips (*ed.*), *The Correspondence of David Scott*, op. cit., Vol. 1, pp. XII–XIII.

122 Scott to Court, 3 April 1787, Home Misc. 404, pp. 91–5.

123 *Ibid.*, p. 55.

124 *Ibid.*, pp. 277–8.

125 Scott to Court, 3 April 1787, op. cit., pp. 280–3.

126 The Report of the Special Committee of the Court of Directors, 22 July 1789, Home Misc. 404, p. 312.

127 Apps. 4 and 5, *Fifth Report*, Home Misc. 401, p. 71.

128 Court to G. G. in C. (Comml.), 3 September 1792.

129 On the Old Shipping Interest see C. H. Philips, *The East India Company 1784–1834*, pp. 80–3, and Holden Furber, 'The United Company of Merchants of England Trading to the East Indies', *Economic History Review*, Vol. X, no. 2, pp. 138–47.

130 John Fiott, *Three Addresses to the Proprietors of East India Stock, and the Publick, on the Subject of the Shipping Concerns of the Company* (London, 1795), pp. 87–9. Also Add. MSS. 38,409, pp. 69 f.

131 For the Reports see Home Misc. 401.

132 *First Report*, 1 September 1791, Home Misc. 401, pp. 11–21.

133 *Second Report*, 29 December 1791, op. cit., pp. 24–5.

134 Scott MSS., Home Misc. 404 and I.O. Charters, Vol. 2 (1793).

135 P.R.O. Minute of the Board of Trade, 26 February 1787, B.T. 5, Vol. 4, p. 198.

136 P.R.O. Minute of the Board of Trade, 27 March 1788, B.T. 5, Vol. 5, p. 69.

137 *Ibid.*, pp. 103–5.

138 The Court was right. See W.W. Rostow, *British Economy of the Nineteenth Century* (Oxford, 1948), p. 33.

139 App. 1, Report of the Select Committee of the Court, upon the Subject of the Cotton Manufacture of this Country, 1 February 1793, Home Misc. 401, pp. 135–7.

140 W. W. Rostow, op. cit., p. 34. The number of bankruptcies mounted from 105 in November 1792 to 209 in May 1793. D. Macpherson, *Annals of Commerce, Manufactures, Fisheries and Navigation* (London, 1805), p. 266.

141 I. O. Charters, Vols. 10 and 11. The last drew a counterpetition

from numerous manufacturers of London, Devon, Somerset, and other places, on 27 March 1793.

142 Add. MSS. 38,228, pp. 133 f.; also I. O. Charters, Vol. 2.
143 Edmund Hill to Dundas, 13 May 1793, I. O. Charters, Vol. 10.
144 John Cochrane to Dundas, 21 and 23 April 1793, I. O. Charters, Vol. 11.
145 *Ibid.*
146 C. H. Philips, *The East India Company 1784–1834*, op. cit., p. 71.
147 Cornwallis to Dundas, 4 April 1790, I. O. Charters, Vol. 11A, p. 54.
148 *Ibid.*, Dundas to Cornwallis, 13 November 1790, p. 74.
149 First instructions of Dundas to Francis Russell, I. O. Charters, Vol. 11A, p. 200.
150 *Ibid.*, p. 206, also Dundas's plan received from Pitt, 15 November 1792 (in typescript), I. O. Charters, Vol. 9.
151 Personal Observations of Dundas on Hints, 16 February 1793, Home Misc. 401, p. 248.
152 John Cochrane, 'General Observations on Monopolists—The E. I. Co. in particular—Animadversions on Their Reports', 14 April 1793, I. O. Charters, Vol. 11.
153 20 March 1793, Home Misc. 401, pp. 293–300.
154 23 March 1793, op. cit., pp. 295–7.
155 Dundas to Lord Falmouth, 22 March 1793. Misc. 401, p. 290.
156 Baring to Dundas, 9 March 1793, I. O. Charters, Vol. 10.
157 *Ibid.*, 6 May 1793.
158 Notice to Proprietors of East India Stock and letter to Dundas, 14 May 1792, I. O. Charters, Vol. 11.
159 Dundas to Baring, 23 March 1793, op. cit.
160 Memorial respecting clandestine trade, I. O. Charters, Vol. 10.
161 *Ibid.*, Report of the Committee of Correspondence, 25 March 1793, Paper No. 22.
162 Baring to Dundas and Dundas to Baring, 7 April 1793, I. O. Charters, Vol. 10.
163 *Ibid.*, W. Fairlie to David Scott, 2 June 1792.
164 *Ibid.*, W. Fairlie to David Scott, 31 August 1792.
165 *Ibid.*, David Scott to Dundas, 13 March 1793.
166 Scott MSS., Home Misc. 404, pp. 99–255.
167 *Ibid.*, p. 100.
168 *Ibid.*, p. 101.
169 *Ibid.*, p. 155.
170 *Ibid.*, pp. 160–3.
171 *Ibid.*, p. 160.
172 Home Misc. 605, pp. 59–60.
173 *Ibid.*, p. 60.
174 Home Misc. 337, pp. 73–4.
175 Bond to Marquis of Carmarthen, 3 May 1788, Home Misc. 337, p. 77.

176 *Ibid.*, pp. 85–6. Sir John Temple to Marquis of Carmarthen, 7 May 1788.
177 *Scott MSS., op. cit., pp. 167–8.*
178 *Sir John Orde to Grenville, 31 July 1791, I. O. Charters, Vol. 11.*
179 *Scott to Dundas, 22 April 1793, I. O. Charters, Vol. 10.*
180 Dundas to Chairman, 15 April 1793, Home Misc. 401, p. 398.
181 Scott to Dundas, 28 April and 11 May 1793, I. O. Charters, Vol. 10.
182 Dundas's speech, 23 April 1793, Hansard's *Parliamentary History,* Vol. 30, p. 663.
183 C. H. Philips, *The East India Company 1784–1834,* op. cit., Appendix I, List III, p. 312.
184 Eur. MSS. D. 281, p. 25.

## *2 WELLESLEY AND PRIVATE TRADE*

1 Eur. MSS. D. 281, p. 27.
2 *Ibid.*, 1792—13,622 tons, 1793—14,717 tons and 1794—10,550 tons.
3 *Ibid.* The tonnage of ships clearing for the Indian ports was taken to be 6,212 tons.
4 Bulky commodities like sugar, etc.
5 Eur. MSS. D. 281, p. 28.
6 *Ibid.*
7 A small native boat.
8 P. J. Marshall, op. cit., pp. 79–86, 90–96.
9 *Ibid.*, pp. 97–105.
10 Eur. MSS. D. 281, p. 29. It was to protect this growing trade that Dundas in 1790 asked Lord Grenville to secure an interim settlement in the East Indies. The need for such a settlement was broached to him by Fergusson, an ex-partner of Fairlie and David Scott. Dundas to Grenville, 30 May and 1 July 1790, H.M.C. Dropmore 1892, Vol. 1, pp. 588–91.
11 The series may be seen at the India Office Library and Records.
12 The value of a sicca rupee (S.R.), the real rupee current in Bengal (as distinguished from a current rupee which was a coin of account), was about 2*s.* 6*d.* Exchange between S.R. and C.R. was around S.R. 100=C.R. 116.
13 *Bengal Commercial Reports,* 1795–1801.
14 G.G. in C. to Court (Comml.), 12 August 1793.
15 G.G. in C. to Court (Comml.), 12 January 1794.
16 Bengal Commercial Consultations, 24 November and 9 December 1793.
17 Eur. MSS. D. 281, p. 35.
18 Lambert and Ross to Prinsep (the owner of the *Lachmi*), 4 February

1794, Home Misc. 405, p. 387, and G.G. in C. to Court (Foreign), 18 August 1795.

19 Richard Johnson to Dundas, 23 January 1794, Home Misc. 435, pp. 113–6.

20 For other grievances see Memorials of London Agency Houses, 15 September and 11 October 1794, 11 October and 25 November 1795.

21 G.G. in C. to Court (Comml.), 15 May 1795.

22 Secret Committee to G.G. in C., 20 February 1795.

23 G.G. in C. to Court (Public), 11 January 1796, reveals that 8,975 tons were taken up for this purpose. Of fifteen ships sent, Messrs Fairlie & Co. owned three. Among the other owners were Lambert & Ross and John Reid.

24 G.G. in C. to Court (Comml.), 2 November 1795.

25 B.R.C. 9 July, 2 November, 1779, Range 50, Vols. 3, 18 and 20.

26 P.J. Marshall, 'Private British Investment', *Bengal Past and Present*, Vol. 86, pp. 59–61.

27 Memorials of C. Blume, an indigo manufacturer, 30 December 1790, Home Misc. 434, pp. 600–5. Also Court to G.G. in C. (Comml.), 25 June 1793.

28 Home Misc. 406, pp. 90–3.

29 G.G. in C. to Court (Revenue), 29 December 1794.

30 Sir John Shore to Court, 10 March 1796.

31 Court to G.G. in C. (Comml.), 27 July 1796.

32 Scott to Louis Barretto, 16 May 1796, Home Misc. 728, pp. 414–5.

33 Scott to William Fairlie, 12 July 1797, Home Misc. 730, p. 72. William Fairlie to Board of Trade, 26 December 1797, Home Misc. 403, p. 161.

34 Proceedings, Bengal Board of Trade, 26 July 1797.

35 John Cochrane on Private Trade and Shipping, Home Misc. 406, p. 60.

36 G.G. in C. to Court, 2 June 1794 and 30 December 1797.

37 Shore to Court, 24 September 1796.

38 For Danish private trade between 1793 and 1801, see Ole Feldback, op. cit., pp. 168–212. In App. V, Feldback gives statistics of private ships from India under the Danish flag. Duntzfelt procured Danish citizenship for Philip Ryan, supercargo of the *Helsingoer*, and he traded under the Danish flag for 15 years between 1793 and 1808. *Ibid.*, p. 176. Others must have acted like Ryan. Fairlie, Reid and Co. were the Calcutta agents of C.M. Duntzfelt. Palmer & Co. supplied goods to the Danish Asiatic Company.

39 Prinsep's speech at the Court of Proprietors, 5 July 1799, Home Misc. 405, p. 84. Thirty-six American ships visited Calcuta in 1795.

40 See Appendix, Chart 1.

41 Hunter Miller (*ed.*), *Treaties and Other International Acts of the United States of America*, Vol. 2, pp. 255–6.

42 Home Misc. 337, pp. 171–5.

43 *Ibid.*, pp. 407–8.

44 Fort St. George Public Consultations, 18 April 1797.
45 Home Misc. 337, pp. 543–54.
46 G.G. in C. to Court (Foreign), 28 August 1797.
47 Proceedings of the Foreign Department, 2 June and 23 June 1797.
48 Dundas to Hugh Inglis, 14 June 1797, Letters from Board to Court, Vol. 1, p. 444.
49 Dundas's Memorandum, 10 November 1799, Home Misc. 377, pp. 589–93; also Anthony Lambert to W. Huskisson, 23 June 1799, Eur. MSS. D. 624.
50 G.G. in C. to Court (Separate), 29 September 1798.
51 G.G. in C. to Court (Comml.), 12 January 1794; discount on 6 per cent notes varied from 4 per cent to 5 per cent. *Ibid.*, 13 February 1794.
52 G.G. in C. to Court (Revenue), 18 August 1794.
53 Shore to Court, 21 August 1794.
54 G.G. in C. to Court (Public), 24 December 1794.
55 Those who manufactured salt were called *molunghees* and they were divided in two groups—*ajoora* and *thica;* the former tenure being based on prescription and maintained by coercion, the latter being based on contract. N.K. Sinha (*ed.*), *Midnapore Salt Papers, Hijli and Tamluk* (*1781–1897*) (Calcutta, 1954), Introduction.
56 G.G. in C. to Court (Revenue), 29 December 1794.
57 Shore to Court, 31 December 1794.
58 G.G. in C. to Court (Comml.), 15 May 1795.
59 G.G. in C. to Court (Public), 2 November 1795.
60 G.G. in C. to Court (Comml.), 7 March 1796.
61 G.G. in C. to Court (Public), 28 August 1795, 31 August 1796.
62 G.G. in C. to Court (Public), 11 January 1796.
63 G.G. in C. to Court (Public), 19 January 1797.
64 G.G. in C. to Court (Public), 30 December 1797.
65 G.G. in C. to Court (Public), 2 March 1797.
66 G.G. in C. to Secret Committee, 2 March 1797.
67 G.G. in C. to Court (Separate), 11 January 1796.
68 G.G. in C. to Court (Separate), 20 May 1796.
69 G.G. in C. to Court (Separate), 30 December 1797.
70 Proceedings, Bengal Board of Trade, 1796–8.
71 G.G. in C. to Court (Revenue), 15 May 1795 and 1 September 1796.
72 Shore to Court, 5 September 1797.
73 *Ibid.*
74 Shore to Secret Committee, 5 March 1798.
75 The Bengal investment was as follows:

| Years | S.R. |
|---|---|
| 1793–4 | 1,40,20,382 |
| 1794–5 | 1,10,84,487 |
| 1795–6 | 1,45,95,470 |
| 1796–7 | 1,20,23,944 |
| 1797–8 | 1,50,19,685 |

The average Indian investment was £2,242,258 per year. In 1797–8 the India debt stood at C.R. 11,03,26,452. Dundas's budget speeches, 12 March 1799 and 25 March 1800, Heads of Dundas's budget speeches, op. cit.

76 Dundas to Devaynes. 7 January 1795, Board to Court, Vol. 1, pp. 381–2.

77 *Ibid.*, p. 422, Dundas to Chairman, 21 October 1796.

78 Dundas's budget speech of 12 March 1799, op. cit.

79 Dundas to the Committee of Ship-builders of the Thames, 1 July 1797. App. IX, Thomas Henchman, *Observations on the Reports of the Directors of the East India Company, respecting the Trade between India and Europe* (London, 1801).

80 Scott to William Fairlie, 30 March 1795, C.H. Philips (*ed.*), *The Correspondence of David Scott*, op. cit. Vol. 1, pp. 21–30.

81 *Ibid.*, p. 52, Scott to William Fairlie, 8 January 1796.

82 C.H. Philips, *The East India Company 1784–1834*, op. cit. p. 87.

83 Scott to William Fairlie, 8 March 1797. C.H. Philips (*ed.*), *The Correspondence of David Scott*, op. cit. Vol. 1, p. 96.

84 *Ibid.*, p. 115, Scott to Governor Duncan, 31 July 1797.

85 App. 47, Supplement, *Fourth Report* (1812), paper no. 4.

86 Scott to William Fairlie, 8 March 1797, C. H. Philips (*ed.*), *The Correspondence of David Scott*, op. cit.

87 *Ibid.*, p. 101, Scott to Sir Stephen Lushington, 9 May 1797.

88 *Ibid.*, p. 106, Scott to Shore, 11 June 1797.

89 *Ibid.*, p. 109, Scott to William Fairlie, 14 July 1797.

90 Court to G.G. in C., 25 May 1798.

91 Scott to Wellesley, 2 January 1798, Add. MSS. 37,262, pp. 9 f.

92 *Ibid.*, pp. 15 ff., Scott to Wellesley, 4 April 1798.

93 Walter Ewer to Dundas, 24 February 1798, Home Misc. 438, pp. 277–9.

94 Wellesley's Minute of 12 June 1798, Secret Proceedings, 28 June 1798.

95 Montgomery Martin (*ed.*), *Wellesley Despatches* (London, 1837), Vol. 1, p. 213. M.H. Khan, however, dismisses the whole story as a fabrication. M.H. Khan, op. cit., pp. 293–8. Wellesley was himself inclined to believe so. Montgomery Martin, op. cit., p. 161.

96 A sinking fund was established in Bengal in 1798. It was proposed to raise a fund for payment of existing debts by selling bills on Court for S.R. 13,00,000 per year.

97 G.G. in C. to Court (Political), 1 October 1798.

98 G.G. in C. to Court (Public), 2 September 1799.

99 G.G. in C. to Court (Separate), 29 September 1798.

100 G.G. in C. to Court (Revenue), 23 September 1798.

101 G.G. in C. to Court (Comml.), 31 July 1798. This was the result of agitation by the cotton manufacturers.

102 Bengal Commercial Consultations, 1 October 1798.

103 Wellesley to Court, 21 November 1798.

104 Bosanquet to Wellesley, 19 September 1798, Add. MSS. 37,278, pp. 51 f.
105 Hugh Inglis to Wellesley, 3 June 1799, Add. MSS. 37,278, pp. 60 f.
106 Chairs to Dundas, 20 October 1796, Home Misc. 208, p. 292.
107 *Ibid.*, pp. 296–7, Hugh Inglis to Dundas, 27 September 1797.
108 *Ibid.*, pp. 299–300, Pitt to Chairman, 26 August 1798.
109 *Ibid.*, pp. 312–13, Dundas to Chairman, 8 April 1799.
110 Dundas's budget speech of 12 March 1799, Heads of Mr Dundas's budget speeches, op. cit.
111 Dundas to Wellesley, 18 March 1799, Owen, *A Selection from the Despatches, Treaties and other Papers of the Marquess Wellesley*, pp. 696–701.
112 Dundas to Wellesley, 21 March and 14 June 1799, Add. MSS. 37, 274, pp. 142 ff., and 224.
113 *Ibid.*, pp. 229 f., Dundas to Wellesley, 23 July 1799.
114 *Ibid.*, pp. 309 f., Dundas to Wellesley, 1 November 1799.
115 *Ibid.*, pp. 264 f., Dundas to Wellesley, 10 October 1799.
116 Dundas to Wellesley, 23 July 1799, Owen, op. cit.
117 Scott to Wellesley, 19 April 1799. Add. MSS. 37,282, pp. 85 f.
118 *The Asiatic Annual Register*, Vol. 1, 1799, pp. 151–2.
119 C.H. Philips, *The East India Company 1784–1834*, op. cit., p. 99.
120 Scott to Dundas, 10 June 1797, C.H. Philips (*ed.*), *The Correspondence of David Scott*, op. cit. Vol. 1, p. 104. Also Ole Feldback, op. cit.
121 *Ibid.*, p. 70, Scott to Hercules Ross, 1 May 1796.
122 *Ibid.*, p. 109, Scott to William Fairlie, 14 July 1797.
123 *Ibid.*, p. 178, Scott to William Fairlie, 19 April 1799.
124 *Ibid.*, p. 204, Scott to William Fairlie, 11 July 1799.
125 John Cochrane to Dundas, 3 March and 10 March 1799, Home Misc. 405, pp. 1–18.
126 *The Asiatic Annual Register*, Vol. 1, p. 160.
127 Scott to Wellesley, 19 April 1799, op. cit. It was passed as Act 39, Geo. III, Chap. 89.
128 Hugh Inglis to Wellesley, 27 September 1799, Add. MSS. 38,409, pp. 63 f.
129 Scott to Wellesley, 15 April 1800, Add. MSS. 37,278, pp. 72 f.
130 Wellesley was away from Calcutta most of the year, personally conducting the war against Tipu. Otherwise he might have sent country ships in 1799.
131 G.G. in C. to Court (General), 23 January 1800.
132 This was Bengal's fate though she had produced a clear surplus of S.R. 1,78,38,414.
133 Wellesley to Chairman, 29 November 1799.
134 Dundas to Wellesley, 10 October 1799, Add. MSS. 37,274, pp. 264 f.
135 Dundas to Wellesley, 11 July 1800, Add. MSS. 37,275, pp. 100 f.
136 Dundas to Court, 2 April 1800, *Parl. Papers*, House of Commons, 1801, Vol. 7, no. 122.
137 Dundas to Wellesley, 31 October 1799, Add. MSS. 37,274, pp. 312 f.

138 Dundas to Wellesley, 27 June 1800, Add. MSS. 37,275, pp. 6 f.
139 Board of Trade to Wellesley, 24 December 1799, Home Misc. 405, pp. 590–1.
140 *Ibid.*, pp. 637–8, William Fairlie to William Lennox, 16 November 1799.
141 *Ibid.*, p. 635, William Fairlie to William Lennox, 7 December 1799.
142 *Ibid.*, p. 649, James Alexander to Edmund Boehm & Co., 12 May 1800; *ibid.*, p. 683, Colvins and Bazett to Law, Bruce & Co., 19 November 1799.
143 *Ibid.*, pp. 655–6, William Lennox to Dundas, 27 June 1800. Lennox was the manager of David Scott Junior & Co., and Dundas's informant on Indian trade.
144 Udney to Wellesley, 15 September 1800, Home Misc. 406, p. 298.
145 Wellesley to Scott, 4 October 1800, Add. MSS. 37,282, pp. 188 f.
146 Wellesley to Court, 30 September 1800.
147 G.G. in C. to Court (Public), 16 February 1801.
148 G.G. in C. to Court (Separate), 16 February 1801.
149 G.G. in C. to Secret Committee, 9 April 1801.
150 Six per cent paper showed a discount of 12½ per cent.
151 There was a good deal of vacillation on the part of Wellesley in deciding the destination of the naval attack, which increased military and marine charges. C.N. Parkinson, *War in the Eastern Seas 1793–1815* (Cambridge, 1937), pp. 166–70.
152 G.G. in C. to Secret Committee, 9 April 1801.
153 Scott to Wellesley, 19 April 1799, Add. MSS. 37,282, pp. 85 ff.
154 *Parl. Hist.*, XXXV, p. 12.
155 Hugh Inglis to Wellesley, 15 June 1800, Add. MSS. 28,409, pp. 74 f.
156 Scott to Wellesley, 9 July 1799. C.H. Philips (*ed.*), *The Correspondence of David Scott*, op. cit. Vol. 1, p. 199.
157 *Ibid.*, Vol. 2, p. 236, Scott to Wellesley, 5 March 1800.
158 *Ibid.*, p. 278, Scott to Wellesley, 15 July 1800.
159 Wellesley to Scott, 4 October 1800, Add. MSS. 37,282, pp. 188 ff.
160 Wellesley to Dundas, 25 January 1800, Add. MSS. 37,275, pp. 12 ff.
161 *Ibid.*, pp. 230 ff., Wellesley to Dundas, 12 November 1880.
162 *Ibid.*, p. 233 ff., Wellesley to Dundas, 13 November 1800.
163 Home Misc. 405, pp. 25, 619–21 and Home Misc. 406, pp. 221–3. There was a short trade depression at the end of 1799. Rapid increase of the tonnage of British shipping caused a pressure for employment in Indian waters.
164 Charles Grant to Dundas, 17 March 1801, Home Misc. 405, pp. 687–8; *ibid.*, pp. 691–858, Grant's Observations.
165 H. Furber, op. cit., App. A, p. 337; also A.T. Embree, *Charles Grant and British Rule in India* (N.Y., 1962).
166 Grant to Scott, 25 August 1798, C.H. Philips (*ed.*), *The Correspondence of David Scott*, op. cit., Vol. 1, pp. 146–8.
167 See also the *First Report* of the Select Committee.

168 Company's advances to indigo manufacturers:

| Year | Amount (£) | Year | Amount (£) |
|---|---|---|---|
| 1793 | 110,389 | 1796–9 | 11,226 |
| 1794 | 102,045 | 1800 | 116,000 |
| 1795 | 137,148 | 1801 | 70,000 |
| | | 1802 | 70,000 |

App. 47, Suppl. to *Fourth Report* (1812), p. 224.

169 Scott to Wellesley, 5 March, 10 May, and 15 July 1800. C.H. Philips (*ed.*), *The Correspondence of David Scott*, op. cit., Vol. 2, pp. 236, 257, 276.

170 Dundas to Charles Grant, 31 July 1800, Home Misc. 405, p. 885.

171 Thomas Henchman, 'Observations on the Report of the Directors of the East India Company' (London, 1801); John Cochrane, 'Private Trade and Shipping'; Sir George Dallas, 'Letters to Sir William Pulteney on the Trade between India and Europe' (London, 1802).

172 Dartmouth to Henchman, 15 August 1801, Add. MSS. 22,130, pp. 25 ff.

173 *Ibid.*, pp. 40 ff., Wellesley to Henchman, 7 March 1803.

174 See Appendix, Chart 2.

175 App. IV, Henchman, op. cit., p. 150.

176 *Ibid.*, p. 66.

177 See also his speech in the General Court debate, 28 May 1801. William Woodfall's *Parliamentary Reports*, 1801.

178 Eur. MSS. D. 107, p. 14.

179 Board to Court, 2 June 1801, Vol. 2, pp. 16–18.

180 Woodfall's *Parliamentary Reports*, House of Commons, 12 June 1801, p. 589.

181 *Ibid.*, pp. 591–2.

182 The Pitt Ministry resigned on the Irish question on 14 March 1801.

183 Woodfall's *Parliamentary Reports*, op. cit., p. 596.

184 Addington to Court, 31 July 1801, Eur. MSS. D. 107, p. 157.

185 *Ibid.*, pp. 161–3, Brodrick to Court, 4 August 1801.

186 East India Agents to Viscount Lewisham, 8 June 1801, Home Misc. 402, pp. 185–92.

187 Scott to Addington, 11 August 1801, Eur. MSS. D. 107, pp. 173–82.

188 *Ibid.*

189 *Ibid.*, pp. 189–90. Addington to Scott, 13 August 1801.

190 *Ibid.*, pp. 201–3.

191 *Ibid.*, pp. 205–10, Scott to Court, 2 September 1801.

192 *Ibid.*, pp. 193–7, Dartmouth to Scott, 14 August 1801.

193 *Ibid.*, pp. 233–5.

194 *Ibid.*, pp. 225–9.

195 *Ibid.*, pp. 56–63.

196 *The Asiatic Annual Register*, Vol. 3, pp. 227–58.

197 Wellesley had permitted India-built ships to come home in 1801. Some of the ships, which took part in the Red Sea expedition in 1802, also got permission.

198 *Bengal Commercial Reports, 1795–1801*, reports for 1801–2.
199 G.G. in C. to Court (Separate), 31 July 1801.
200 Scott to Wellesley, 10 May and 15 July 1800, C. H. Philips (*ed.*), *The Correspondence of David Scott*, op. cit.
201 Colvins and Bazett to Acting Secretary of the Board of Trade, 2 November 1801, Home Misc. 737, p. 99.
202 *Ibid.*, p. 102, Fairlie to Capt. John Malcolm, 6 November 1801.
203 This was done by Regulations V, X, and XI of 1801. G.G. in C. to Court (Separate), 31 July 1801.
204 Wellesley to Colonel Scott, 22 January 1801, *Cambridge History of India*, Vol. 5, p. 353.
205 Wellesley to Secret Committee, 14 November 1801.
206 G.G. in C. to Secret Committee, 5 June 1802.
207 Court to G.G. in C. (Separate), 31 August 1801.
208 G.G. in C. to Court (Comml.), 17 April 1802.
209 G.G. in C. to Court (Public), 4 October 1802.
210 See Appendix, Chart 3
211 See Appendix, Chart 4.
212 *Bengal Commercial Reports*, 1795–1801. In 1797–8 the value of woollens imported from England stood at s.r. 58,934, in 1801–2 the value of imported broadcloths alone amounted to s.r. 1,07,409. Metals showed an increase from s.r. 48,603 to s.r. 1,62,186. There were similar increases in glass ware, cutlery, wines and liquors, i.e. articles used by the Europeans.
213 See Appendix, Chart 5.
214 See Appendix, Chart 6.
215 Thomas Law (late member of the Council of Revenue, Bengal), *A Sketch of Some Arrangements, and a View of the Rising Resources, in Bengal* (1792). H.T. Colebrooke, *Remarks on the Husbandry and Internal Commerce of Bengal* (1795). See also Eur. MSS. D. 281, pp. 9–10.
216 G.G. in C. to Court (Revenue), 31 August 1797.
217 G.G. in C. to Court (Revenue), 23 September 1798.
218 He estimated the increase of circulating native capital in Calcutta between 1797 and 1801 to be £16 million.
219 St. George Tucker's Minute on transfer of debt, 22 June 1801, Home Misc. 370, p. 769.
220 The average invoice value of the Company's woollen exports to Bengal was £64,475 and of goods and stores £215,212. Milburn, *Oriental Commerce*, Vol. 2, pp. 178–9.
221 *Ibid.*, pp. 235, 257 and 274.
222 Devaynes and Cheap to Dundas, 9 February 1794, Home Misc. 210, p. 123.
223 G.G. in C. to Board of Revenue, 17 September 1792, Eur. MSS. D. 281, pp. 24–5.
224 The first sample of hemp and jute was sent by the Bengal Board of Trade in 1791. Bengal Board of Trade to G.G. in C., 11 March 1791.

225 Proceedings, Bengal Board of Trade, 7 March 1797.

226 In 1747 Dacca exported fine piece-goods worth 28,50,000 Arcot rupees. In 1797 its export fell to 14,01,545 Arcot rupees, of which the Company took only 5,07,388 Arcot rupees worth. Home Misc. 456 F, p. 113.

227 Indian surplus and deficiency after payment of interest and supplies to China, etc.:

| Year | Surplus | Deficiency |
|---|---|---|
| | £ | £ |
| 1793–4 | 1,654,852 | — |
| 1801–2 | — | 383,743 |

Heads of Mr Dundas's budget speeches, op. cit.

228 Court to G.G. in C. (Separate), 31 August 1801; Bosanquet to Wellesley, 29 May 1801, Add. MSS, 37,278, pp. 89 ff.

229 Between 1798–9 and 1801–2 the Court sent £2,851,769 in bullion to India. See also Appendix, Chart 7.

230 Percival Spear, *India, Pakistan, and the West* (Oxford, 1952), pp. 148–9.

231 RATES OF DUTIES ON INDIAN PIECE-GOODS

| Year | White calicoes plain per piece | | |
|---|---|---|---|
| 1787 | 5*s.* 3*d.* plus | £18.10*s.* | per cent *ad val.* |
| 1787 | 5*s.* 9*d.* „ | £18.3*s.* | „ „ „ |
| 1798 | 5*s.* 9*d.* „ | £21.3*s.* | „ „ „ |
| 1799 | 6*s.* 8*d.* „ | £26.9*s.* 1*d.* | „ „ „ |
| 1802 | 6*s.* 8*d.* „ | £27.1*s.* 1*d.* | „ „ „ |

| Year | Muslins and nankeens per piece | | |
|---|---|---|---|
| 1787 | 5*s.* 3*d.* „ | £18 | per cent *ad val.* |
| 1797 | 5*s.* 9*d.* „ | £19.16*s.* | „ „ „ |
| 1798 | 5*s.* 9*d.* „ | £22.16*s.* | „ „ „ |
| 1799 | 6*s.* 8*d.* „ | £30.3*s.* 9*d.* | „ „ „ |
| 1802 | 6*s.* 8*d.* „ | £30.15*s.* 9*d.* | „ „ „ |

Cotton manufacture, not enumerated above, paid 50 per cent *ad valorem*. Edward Baines, *The History of the Cotton Manufacture* (London, 1835), p. 325.

232 RATES OF DUTIES ON INDIAN SUGAR

| Year | Rate |
|---|---|
| 1796 | £37.16*s.* 3*d.* per cent *ad val.* plus 5*s.* 2*d.* per cwt. |
| 1799 | £5 per cent *ad val.* on warehousing. |
| | £37.16*s.* 3*d.* per cent plus 3*s.* 2*d.* per cwt. on home consumption. |

233 Return to an Order of the House of Commons, 4 May 1813.

## *3 THE END OF THE INDIA MONOPOLY*

1 *Bengal Commercial Reports*, 1795–1801, Reports for 1796–7.

2 *Ibid.*, Reports for 1799–1800.

3 John Phipps, *History of Ship-building in Calcutta: from a Collection of Papers, History of Ship-building in India*, p. XII, pp. 126–7.
4 G.G. in C. to Court (Comml.), 21 March 1803.
5 G.G. in C. to Court (Comml.), 17 October 1803.
6 G.G. in C. to Court (Military), 18 August 1794, 31 January 1795 and 1 February 1796.
7 G.G. in C. to Court (Military), 29 August 1799.
8 G.G. in C. to Court (Military), 20 March 1795.
9 See Appendix, Chart 8.
10 See Appendix, Chart 9.
11 See Appendix, Chart 10.
12 Bengal Foreign Consultations, 4 August 1805.
13 Bengal Foreign Consultations, 16 June 1803.
14 See Appendix, Chart 11.
15 John Ross to John Turnbull, 15 July 1804, Home Misc. 357, pp. 867–75; *ibid.*, pp. 877–85, John Turnbull to John Roberts.
16 Lord Castlereagh to Lord Montrose (President of Board of Trade), 25 October 1809, Home Misc. 337, pp. 893–5.
17 Court to G.G. in C. (Public General), 28 September 1803.
18 G.G. in C. to Court (Public), 31 July 1798.
19 G.G. in C. to Court (Sep. Fin.), 17 December 1808.
20 Court to G.G. in C. (Public), 10 November 1803 and 22 August 1804.
21 Wellesley to Scott, 1 October 1801, Add. MSS. 38,765, pp. 61 f.
22 Wellesley to Dundas, 25 January 1800, Add. MSS. 37,275, pp. 12 f.
23 In Bengal interest had increased from C.R. 35,05,510 in 1796–7 to C.R. 97,15,566 in 1801–2, but increase of general revenues had more than kept the pace.
24 Budget speech of 14 March 1803, *The Asiatic Annual Register*, Vol. 5, pp. 17–51.
25 App. 35, *Third Report* (1811). Only £132 was subscribed in Bengal in 1802–3.
26 Dundas to Chairman, 17 January 1801, Home Misc. 208, pp. 569–83.
27 Bosanquet to Wellesley, 11 May 1802, Add. MSS. 37,278, pp. 90 f.
28 Home Misc. 500, pp. 49–73.
29 Bosanquet to Wellesley, 29 September 1802, Add. MSS. 37,278, pp. 101 f.
30 Castlereagh, 'Observations on Bosanquet's memorandum', 12 November 1802, Add. MSS. 13,814, pp. 34 f.
31 *Ibid.*, pp. 37 f.
32 *Ibid.*, pp. 33 ff.
33 *Ibid.*, pp. 40 f.
34 C.H. Philips, *The East India Company 1784–1834*, op. cit., pp. 124–5.
35 Castlereagh to Dundas, 19 November 1802, Home Misc. 504, p. 26.
36 Bosanquet to Wellesley, 11 May 1802, Add. MSS. 37,278, pp. 90 f.

37 Bosanquet to Wellesley, 10 September 1802, Add. MSS. 37,278, pp. 96 f.
38 *Ibid.*, pp. 102 ff., Bosanquet to Wellesley, 29 September 1802.
39 *Ibid.*, pp. 111 ff., John Roberts to Wellesley, 17 March 1803.
40 Court to G.G. in C. (Separate), 1 June 1803.
41 John Roberts to Wellesley, 18 March 1803, Add. MSS. 37,278, pp. 123 f.
42 *Ibid.*, pp. 121 f., Bosanquet to Wellesley, 17 March 1803.
43 *Ibid.*, pp. 130 f., Bosanquet to Wellesley, 24 June 1803.
44 Sir J.N. Sarkar, *Fall of the Mughal Empire*, Vol. 4, pp. 261–2.
45 *Ibid.*, p. 261.
46 *The Asiatic Annual Register*, Vol. 6, p. 355.
47 Wellesley to Chairman, 24 December 1802.
48 G.G. in C. to Court (Separate), 23 March 1805.
49 Net revenue raised from the Ceded Provinces in 1802–3 amounted S.R. 1,20,50,912.
50 G.G. in C. to Court (Public), 11 January 1803.
51 G.G. in C. to Secret Committee, 9 April 1803.
52 *Ibid.*
53 G.G. in C. to Court (Public), 20 October 1803.
54 G.G. in C. to Court (Public), 9 June 1803.
55

| Year | Surplus revenue of Bengal |
|---|---|
| 1802–3 | C.R. 2,58,12,290 |
| 1803–4 | C.R. 1,86,73,550 |

56

| Year | Bengal debt |
|---|---|
| 30 April 1803 | C.R. 19,34,54,620 |
| 30 April 1804 | C.R. 11,63,44,710 |

57

| Year | Net profit from salt | Net profit from opium |
|---|---|---|
| 1803–4 | S.R. 1,21,99,390 | S.R. 55,24,696 |

G.G. in C. to Court (Separate), 17 October 1805.
58 Scott to Wellesley, 11 May 1804, C.H. Philips, (*ed.*), *The Correspondence of David Scott*, op. cit., Vol. 2, p. 439.
59

| Year | Military charges in Bengal | Military charges in India |
|---|---|---|
| 1802–3 | £2,377,888 | £6,000,000 |
| 1805–6 | £3,743,868 | £9,000,000 |

App. 6, *Second Report* (1810).
60 They yielded a net revenue of C.R. 96,32,580 in 1804–5.
61

| Year | Average price of salt per 100 mds. |
|---|---|
| 1803–4 | S.R. 428 |
| 1804–5 | S.R. 356 |

62 G.G. in C. to Court (Public), 30 April 1804.
63 Wellesley to Court, 28 March 1805.
64 G.G. in C. to Court (Comml.), 18 January 1805.
65 Wellesley to Addington, 13 March 1802, Add. MSS. 37,282, pp.

257 f., and Wellesley to Dundas, 13 February 1803, Add. MSS. 37,275, pp. 250–1 ff.

66 *Ibid.*, p. 407 f., Wellesley to Scott, 28 March 1802.

67 Scott to Wellesley, 23 April 1802, C.H. Philips (*ed.*), *The Correspondence of David Scott*, op. cit. Vol. 2, p. 401.

68 Castlereagh to Pitt, 11 September 1802, Home Misc. 504, pp. 1–2.

69 Scott to Wellesley, 14 May 1804, C.H. Philips (*ed.*), *The Correspondence of David Scott*, op. cit., Vol. 2, p. 440.

70 Apps. 5, 6 and 8, *Third Report* (1811).

71 Wellesley to Dundas, 25 December 1803, Add. MSS. 37,275, pp. 258 f.

72 Court to G.G. in C. (Comml.), 30 June 1802, 4 May 1803, 24 and 31 August 1804.

73 Court to G.G. in C. (Comml.), 24 August 1804, 6 November 1805, 12 February 1806.

74 Court to G.G. in C. (Comml.), 31 August 1804, 18 January 1805.

75 Court to G.G. in C. (Comml.), 8 September 1802, 31 August 1805.

76 Apps. 22 and 25, *Fourth Report* (1812).

77 Court to G.G. in C. (Comml.), 4 July 1804 and 19 June 1805. Also see 'A Memoir on the Trade to and from India', Home Misc. 406, pp. 381–485. See Appendix, Chart 12.

78 Court to G.G. in C. (Comml.), 4 July 1804 and 23 July 1806. Price of No. 100 cotton yarn was 38*s*. per lb. in 1786, 15*s*. 1*d*. in 1793, 8*s*. 4*d*. in 1802, and 7*s*. 2*d*. in 1806. E. Baines, op. cit., p. 357.

79 E. Hecksher, *The Continental System*, pp. 83–4. In 1798 the Company sold £3 million worth of piece-goods, in 1807 it sold only £435,000 worth. App. 1, *Third Report* (1811).

80 The Company's average indent was for 5,000 bales but it received as follows:

| Yr. | lbs. | Yr. | lbs. | Yr. | lbs. |
|---|---|---|---|---|---|
| 1802 | 78,950 | 1804 | 415,917 | 1806 | 235,215 |
| 1803 | 336,189 | 1805 | 460,903 | | |

Reports and Documents connected with the Proceedings of the E.I. Company in regard to the Culture and Manufacture of Cotton Wool, Raw Silk and Indigo in India, 21 December 1836.

81 Court to G.G. in C. (Comml.), 30 July 1806.

82 John Palmer to Henry Trail, 29 September 1808, Palmer Papers, C. English Letters, Bodleian Library, Oxford, Vol. 68, p. 97.

83 Cornwallis to Court, 1 August 1805.

84 G.G. in C. to Court (Public), 5 October 1805.

85 Barlow to Secret Committee, 2 February 1806.

86 G.G. in C. to Court (Public), 3 February 1806.

87 G.G. in C. to Court (Separate), 17 October 1805.

88 G.G. in C. to Court (Separate), 14 February, 1807. The British government ultimately persuaded the Portuguese government to prohibit export of Malwa opium from Goa.

89 G.G. in C. to Court (Public), 13 March 1806.

90 G.G. in C. to Secret Committee, 14 March 1806.

91 Barlow to Chairman, 22 March 1806.

92 G.G. in C. to Court (Public), 13 March 1806. The Bank of Bengal received its Charter in 1809.
93 The average price of salt fell to S.R. 319 per 100 mds. and that of opium had just begun to rise.
94 G.G. in C. to Court (Public), 7 June 1806, and 14 February 1807.
95 Merchants of Calcutta to G.G. in C., 30 December 1805, Public Consultations, 9 January 1806.
96 G.G. in C. to Court (Public), 23 July 1806.
97 Barlow to Elphinstone, 16 October 1806.
98 App. 7, *Second Report* (1810).
99 G.G. in C. to Court (Public), 18 February 1807.
100 *Ibid.*
101 Court to G.G. in C. (Public), 23 July 1806.
102 G.G. in C. to Court (Sep. Fin.), 23 April 1807.
103 G.G. in C. to Court (Fin.), 20 October 1807.
104 G.G. in C. to Court, 12 February 1808.
105 Minto to Mr Elliot of Wells, 4 September 1809. The Countess of Minto (*ed.*), *Lord Minto in India* (1880), p. 354.
106 *Ibid.*, p. 355.
107 *Ibid.*, pp. 52–7, Minto to Sir Edward Pellew, 1 November 1807.
108 Minto was referring to the missions of Harford Jones and Malcolm to Persia which were being financed from Bengal.
109 Minto to Chairman, 21 May 1808.
110 Minto to Robert Dundas, December 1808, The Countess of Minto, op. cit., p. 362.
111 'I would sooner sell my Father on the Spot, than send him to you on speculation': John Palmer to H. Trail, 21 September 1808, Palmer Papers, op. cit., Vol. 68, p. 64.
112 *Ibid.*, p. 8, John Palmer to Jacob Rider, 2 June 1808.
113 Papers nos. 2–14 and 23, App. 47, *Fourth Report* (1812).
114 See Appendix, Chart 13.
115 John Palmer to Blane, 8 November 1808, Palmer Papers, op. cit., Vol. 68, p. 155.
116 Court to G.G. in C. (Comml.), 28 June 1809 and paper no. 16, App. 47, *Fourth Report* (1812).
117 See Appendix, Chart 14.
118 Chairs to Castlereagh, 28 November 1805, Home Misc. 439. p. 189.
119 *Ibid.*, pp. 199–200, Alexander John Ball, Governor of Malta, to John Turnbull, 18 March 1805.
120 Home Misc. 337, pp. 899–925.
121 *Ibid.*, pp. 929–32, Elphinstone and Parry to George Tierney, 24 December 1806.
122 Baring to Court, 15 September 1807, Home Misc. 337, pp. 937–53.
123 Parry and Grant to Baring, 14 October 1807, Home Misc. 494, pp. 5–115.
124 *Ibid.*, p. 293.
125 Court to G.G. in C. (Separate, Customs), 6 November 1807.
126 Court to G.G. in C. (Separate, Customs), 3 August 1808.

127 G.G. in C. to Court (Separate), 26 December 1810. John Palmer thought it was so imposed to injure the private traders. John Palmer to H. Trail, 3 July 1811, Palmer Papers, op. cit., Vol. 79, p. 196.
128 G.G. in C. to Court (Sep. Fin.), 23 April 1807.
129 G.G. in C. to Court (Sep. Fin.), 20 September 1808.
130 A.D. Gayer, W.W. Rostow and A.J. Schwartz, *The Growth and Fluctuation of the British Economy 1790–1850*, Vol. 1, pp. 103–7.
131 Court to G.G. in C. (Public), 23 July 1806.
132 Court to G.G. in C. (Sep. Fin.), 9 December 1807.
133 John Palmer to J. Richardson, 2 December 1808, Palmer Papers, op. cit., Vol. 69, p. 34.
134 G.G. in C. to Court (Sep. Fin.), 14 May 1806, also John Palmer to Sir Francis Baring, 24 August 1808, Palmer Papers, op. cit., Vol. 68, pp. 38–9. See also Appendix, Chart 15.
135 The Company's loans were paid in consecutive order. First came the old registered debt followed successively by the decennial loans of 1798 and 1799, the first and second optional loans of 1799 and 1800, and the 13 optional loans taken since 1800.
136 G.G. in C. to Court (Fin.), 20 April 1809.
137 BILLS ON ACCOUNT OF PRINCIPAL DEMANDED IN BENGAL

| Years | C.R. |
|---|---|
| 1806 | 15,93,803 |
| 1807 | 27,59,515 |
| 1808 | 1,23,57,973 |

138 *The Asiatic Annual Register*, Vol. 12, p. 308.
139 App. 49, *Fourth Report* (1812).
140 See Appendix, Chart 16.
141 See Appendix, Chart 17.
142 App. 27, *Third Report* (1811).
143 When the commercial charges, not added to invoice, are taken into account, the average profit is reduced to a mere £156,639.
144 The Select Committee thought that the charges of the settlements in Prince of Wales Island, Bencoolen, and St. Helena should not have been debited to the Territorial account, 'it being very questionable whether these settlements are more requisite for Political or Commercial objects'.
145 Great Britain incurred a total debt of £245,004,157 between the beginning of the war in 1793 and 1813 which, minus the redemption through the sinking fund, stood at £101,798,716. Elie Halevy, *England in 1815*, p. 368.
146 App. 45, *Fourth Report* (1818).
147 *Ibid.*, App. 46.
148 See Appendix, Chart 18.
149 See Appendix, Chart 19.
150 App. 2, *Third Report* (1811).
151 Reckoned to be about £2 million per year. G.G. in C. to Court (Fin.), 23 August 1809.

152 These had greatly increased with additions to the civil and military establishments.

153 These had been declining since 1803. There were about 109 merchant vessels belonging to the port of Calcutta in 1803; there were only 69 in 1809. The building of ships was also on a lower scale—only 6,027 tons were built between 1807 and 1809. Both, however, began to rise after 1809—there being 111 ships of 41,865 tons in 1813 and 50 vessels of 24,732 tons being built between 1810 and 1813. See Phipps, *History of Ship-building in Calcutta*, pp. 126–7. Messrs Kyd & Co. and John Gilmore & Co. were the biggest shipbuilders while Fairlie, Fergusson & Co. and Hogue, Davidson & Co. were the largest shipowners.

154 About S.R. 76 lakhs worth of indigo were being exported annually since 1805 by private individuals. Dr Buchanan Hamilton's sample survey of 1807 refers to 75 indigo factories in Purnea, 7 in Patna and Gaya, 18 in Shahabad, and 21 in Dinajpur, while S.R. 6,30,000 of European manufactured indigo was annually exported from Rangpur. Almost all Bengal districts now produced indigo under European management. See also W.W. Hunter, *Bengal MS. Records*, 4 vols.

155 On the basis of a 5 per cent house tax which yielded S.R. 1,00,000. G.G. in C. to Court (Fin.), 23 August 1809.

156 Court to G.G. in C. (Public), 9 September 1807.

157 App. 1, *Second Report* (1810).

158 Court to G.G. in C. (Comml.), 16 January 1810.

159 Minto to Chairman, 23 April 1809.

160 G.G. in C. to Court (Comml.), 22 October 1810.

161 Court to G.G. in C. (Comml.), 2 September 1808.

162 Court to G.G. in C. (Comml.), 30 June 1809.

163 Court to G.G. in C. (Comml.), 26 February 1808.

164 G.G. in C. to Court (Comml.), 5 January 1810.

165 G.G. in C. to Court (Comml.), 3 March 1809.

166 G.G. in C. to Court (Comml.), 19 July 1809.

167 John Palmer to H. Trail, 29 September 1808, Palmer Papers, op. cit., Vol. 68, p. 97.

168 *Ibid.*, p. 155, John Palmer to Blane, 8 November 1808.

169 *Ibid.*, Vol. 75, p. 50, John Palmer to George Millet, 14 December 1809.

170 John Palmer to H. Trail, 20 January 1809, Palmer Papers, op. cit., Vol. 69, p. 139.

171 Indent for piece-goods rose to 60 lakhs and for silk to 5,000 bales. Court to G.G. in C. (Comml.), 30 March 1810. Indent for indigo rose to 45 lakhs (Secret Committee to G.G. in C., 27 February 1810) and for cotton to 14,000 bales, Court to G.G. in C. (Comml.), 29 August 1810.

172 This was palpably unjust. The agency houses suffered no less for transfer of capital. See John Palmer to J. Drummond, 17 December 1808, Palmer Papers, op. cit., Vol. 69, p. 79.

173 Court to G.G. in C. (Public), 20 June 1810.
174 John Palmer to H. Trail, 31 January 1810, Palmer Papers, op. cit., Vol. 76, p. 48.
175 G.G. in C. to Court, 28 February 1811.
176 John Palmer to H. Trail, 3 October 1809, Palmer Papers, op. cit., Vol. 73, pp. 73–4.
177 G.G. in C. to Court (Comml.), 30 April 1811.
178 About 40 lakhs worth of bullion was sent from Bengal.
179 Madras and Bombay received 1½ crores in 1810–11, Canton received £141,287 in 1809–10 and £337,273 in 1810–11.
180 'I think this effort to crush the private trade—for it was senseless to suppose they look for profit—must recoil with desperate effect on the Leadenhall.' John Palmer to H. Trail, 10 February 1811, Palmer Papers, op. cit., Vol. 78, p. 357.
180a G.G. in C. to Court (Fin.), 16 February 1811.
181 John Palmer to H. Trail, 3 July 1811, Palmer Papers, op. cit., Vol. 79, p. 190.
182 C.N. Parkinson, *War in the Eastern Seas* (London, 1959), pp. 371–3.
183 See Appendix, Chart 20.
184 G.G. in C. to Court (Fin.), 3 February 1812.
185 G.G. in C. to Court (Fin.), 17 August 1812.
186 Secret Committee to G.G. in C., 8 March 1812.
188 Court to G.G. in C. (Comml.), 15 May 1811. Indent for famous Dacca goods fell to a meagre 3 lakhs.
189 John Palmer to H. Trail, 4 November 1811, Palmer Papers, op. cit., Vol. 79, p. 212.
190 INDIGO PURCHASED BY THE COMPANY

| Years | Value (S.R.) | Years | Value (S.R.) |
|---|---|---|---|
| 1807 | 9,62,690 | 1810 | 18,24,811 |
| 1808 | 17,59,706 | 1811 | 4,71,567 |

G.G. in C. to Court (Comml.), 10 October 1812.
191 G.G. in C. to Court (Fin.), 19 December 1812.
192 In all Minto could send £1,858,719 in specie while bills on account of the principal and interest since 1807 had been £7,141,000 and £4,326,000 respectively. See Court to G.G. in C. (Public), 9 September 1812.
193 Charles Ricketts to Lord Liverpool. Add. MSS. 38,410, pp. 297 f.
194 19 March 1812, *Parliamentary Debates*, XXII, pp. 89–91.
195 *Ibid.*, pp. 111–2, 23 March 1812. See Herbert Heaton, 'The American Trade', in C. N. Parkinson (*ed.*), *The Trade Winds*, p. 205.
196 7 April 1812, *Parliamentary Debates*, XXII, pp. 216–21.
197 *Ibid.*, p. 239, 8 April 1812. See also Ashton, *Iron and Steel in the Industrial Revolution* (Manchester, 1951), p. 151.
198 27 April 1812, *Parliamentary Debates*, XXII, p. 1049.
199 1 July 1812, *Parliamentary Debates*, XXIII, pp. 873–5.
201 For petitions see *Parliamentary Debates*, XXII–XXIV and I.O. Charters, Vol. 14; for pamphlets see *East India Tracts*, Vols. 463–67 and 472.

202 Chairs to Buckinghamshire, 15 April 1812, I.O. Charters, Vol. 14, pp. 108–30.
203 Secret Miscellany Book, I.O., 95, pp. 40 f.
204 Secret Court to Buckinghamshire, 20 April 1812, I.O. Charters, Vol. 14, p. 132.
205 *Letters on the East India Monopoly* (2nd ed., Glasgow, 1812).
*General Thoughts contained in a Letter on the subject of the Renewal of the E.I. Co's Charter* (1812).
*Free Trade or an Inquiry, etc.* (1812).
*The Question as to the Renewal of the E.I. Co.'s Monopoly Examined* (Edinburgh, 1812).
206 Randle Jackson's speech in the General Court debate of 5 May 1812.
207 Add. MSS. 38,410, pp. 81 ff.
208 Note of Thomas Attwood, High Bailiff of Birmingham, 18 September 1812, Add. MSS. 38,410, pp. 90 ff.
209 *Ibid.*, pp. 185 f., Thomas Earle, Chairman of the Committee of Liverpool Merchants, to Lord Liverpool, 1 January 1813.
210 *Ibid.*, pp. 184 f.
211 See Appendix, Chart 21.
212 Considerations on the Government of India on the event of the Charter of the E.I. Co. not being renewed. Add. MSS. 38,410, pp. 171 ff.
213 Marginal notes by Buckinghamshire on the same pages.
214 Buckinghamshire to Chairs, 4 January 1813, I.O. Charters, Vol. 14, p. 183.
215 INVOICE VALUE OF COMPANY'S EXPORTS TO BENGAL

| Years | Woollens | Goods and stores |
|---|---|---|
| | £ | £ |
| 1792–3 | 40,418 | 108,501 |
| 1808–9 | 51,813 | 403,522 |

Milburn, op. cit., pp. 178–9.
216 Private exports of British manufacture to Bengal rose from £448,835 in 1802–3 to £597,850 in 1812–3. *Bengal Commercial Reports*, 1812.
217 Evidence of William Cowper, S.C.H.L. on the E.I. Co.'s Affairs, 5 April 1815.
218 *Ibid.*, 6 April 1813. According to William Fairlie, who left Bengal about 1812, the labourers got between *5s.* and *25s.*, when employed by the Europeans.
219 *Ibid.*, evidence of Alexander Kyd, 6 April 1813.
220 *Ibid.*, evidence of William Fairlie, 6 April 1813.
221 *Ibid.*, 7 April 1813.
222 'Verax', *Letters respecting the Claims of the E.I. Co. for a Renewal of their Exclusive Privileges*, 1813.
223 Charles Maclean, *A View of the Consequences of Laying Open the trade to India*, 1813.

224 Petitions of shipbuilders of London and outports to Lord Liverpool, 18 May 1813, Add. MSS. 38,410 pp. 247 f.
225 See Appendix, Chart 22.
226 Court to G.G. in C. (Comml.), 29 September 1809.
227 See Appendix, Chart 23.
228 See Grenville's speech in the House of Lords on presenting the petition of Bristol on 28 April 1812, *Parliamentary Debates*, XXII, p. 1077 and speech on 9 April 1813, *ibid.*, XXV, pp. 709–32. Grey thought it 'hardly decent to avow a decided opposition to their (the Company's) claims.'
229 Court to G.G. in C. (Comml. Sep.), 2 June 1812.
230 Minute of a Committee of the whole Court of Directors, 15 July 1813. I.O. Charters, Vol. 14, p. 305.
231 See Appendix, Chart 24.
232 The government was becoming increasingly conscious of the oppressions and abuses committed by the indigo planters in the interior—particularly the forcing of advances on the ryots and compulsive cultivation—and was taking steps to prevent them. See Circular Letters sent on 13 and 20 July 1810 by G.G. in C. to Magistrates, *Parl. Papers*, H.C., 27 April 1813. For cases against the planters see *Europeans in India 1766–1824*, I.O. 25. James Reilly has left us a vivid account of an indigo plantation at Munsitpore belonging to 'Mr Williams, the Honourable E.I. Company's Commercial Resident at Commercolly, who, in addition was, in his own account, a large indigo planter.' The Beebee Saheb (Mrs Williams) '. . . is very satirical and said to be fond of flogging the natives' and Reilly soon got orders 'to plough up certain fields on which the Ryots have sowed rice, and to sow indigo in its place.' Entries of October 1811 and 21 April 1812, James Reilly, *Journal of a Wanderer* (London, 1844), p. 65 and pp. 73–4.
233 John Palmer to George Millet, 14 December 1809, Palmer Papers, op. cit., Vol. 75, p. 61.
234 Comparative statement of the cost of English and Indian yarn, Kennedy's evidence before the House of Commons, 1831.
235 For oppressions under the Company, see N. K. Sinha, *Economic History of Bengal*, Vol. 1, op. cit., ch. 8.
236

| Articles | Transit duty |
|---|---|
| Raw silk | 7½% on fixed valuation |
| Oil and oil-seeds | 7½% *ad valorem* |
| Wrought copper and brass | 10% on fixed valuation |
| Sugar, *goor* and hides | 5% *ad valorem* |

Charles Trevelyan, *A Report upon the Inland Customs and Town Duties of the Bengal Presidency*, 2nd ed., p. 6.
237 *Ibid.*, pp. 7–28.
238 *Bengal Commercial Reports*, 1802–3.
239 See answers to the interrogatories proposed by the Governor-General in Council in 1801 to Judges of Circuit and Zillah Judges in Bengal, particularly the returns from Hooghly, Midnapore, Nadia,

Dacca, and Buckergunge. *Parliamentary Papers,* H.C., 3 June 1813.

240 H. Lee to F. Lee, 13 May 1815, Kenneth Wiggins Porter, *The Jacksons and the Lees,* Vol. 2, pp. 1139–40.

241 *Ibid.,* Vol. 1, p. 594, P.T. Jackson to F. Cabot Lowell, 26 November 1802.

242 Thomas Bracken's evidence, S.C.H.C., 1832, Qs. 1930 *et seq.*

243 P.T. Jackson to Ramdullol Day, 27 July 1803, K.W. Porter, op. cit., Vol. 1, p. 599.

244 *Ibid.,* p. 619, P.T. Jackson to Ramdullol Day, 6 October 1806.

245 Bracken and Lee mention Ram Chunder Mitter, Tillock Bonarjea, Ramdullov Day, Duggo Pesaud, Ruggo Ram, Golluck, and Kissen.

246 Henry Lee to C.D. Miles and R.C. Cabot, 31 August 1817, K.W. Porter, op. cit., Vol. 2, pp. 1279–80.

247 The only other names of Bengali shipowners in the *East India Register and Directory* up to 1813 are Pancho Dutt, Ramgopal Mullick, and Muddan Dutt.

248 Some of the important up-country banking houses were: Gopaul Doss Monohar Dass, Urjoonjee Nathjee, Hurry Kishen Doss, Lalla Auggur Shen, Shaik Golaum Hussain, Meer Mahomed Sadick, etc. See Milburn, op. cit., p. 170.

249 See Appendix, Chart 25.

250 G.G. in C. to Court (Revenue), 12 February 1811 and 19 June 1813.

## *4 HASTINGS AND PRIVATE TRADE*

1 Thomas Bracken's evidence, S.C.H.C., 1832, Q. 1801.

2 *The East India Register and Directory,* 1803–13.

3 Palmer Papers, op. cit.

4 Thomas Bracken's evidence, op. cit., Qs. 1853 *et seq.*

5 H. Lee to F. Lee, 14 November 1813, K.W. Porter, op. cit., Vol. 2, p. 1081.

6 G.G. in C. to Court (Fin.), 19 December 1812.

7 G.G. in C. to Court (Fin.), 27 March 1813; also H. Lee to F. Lee, 14 November 1813, K. W. Porter, op. cit., Vol. 2, p. 1084.

8 *Ibid.,* p. 1079, H. Lee to P.T. Jackson, 14 February 1813.

9 Secret Committee to G. G. in C., 4 April 1812.

10 As prices of Indian articles rose higher and higher the Customs House valuation of exports fell far short of their actual values. For example, indigo was always valued at the fixed rate of S.R. 100 per factory maund while it was selling for S.R. 160 in 1813 and shot beyond S.R. 300 between 1813 and 1833. Similar adjustments should be made in the case of raw silk, valued at a fixed rate of S.R. 6 or S.R. 7 per seer, while it often sold for S.R. 12 or S.R. 13. Value of cotton should be adjusted at least after 1816. In the case of imports, value of merchandise should be adjusted according to whether or not the exchange was favourable or unfavourable. In

the first years of free trade they were overvalued by 20 per cent, in later years, under-valued by 5 per cent or 6 per cent. Assuming however, their invoice value never gave the highest value, little correction need be made. But imports of bullion, largely in dollars, had always been overvalued at 100 dollars per 225 sicca rupees while their mint value was at most S.R. 206.8*as.* H.H. Wilson in *A Review of the External Commerce of Bengal from 1813–14 to 1827–28* (Calcutta, 1830) and C.A. Prinsep in *Remarks on the External Commerce and Exchanges of Bengal with Appendixes of Accounts and Estimates* (London, 1823) had compiled correct valuations in view of the above, and I have accepted Wilson's figures which are corroborated by Eur. MSS. D. 281. Customs House valuations are taken from *Bengal Commercial Reports* as before.

11 G.G. in C. to Court (Fin.), 30 October 1813.

12 H. Lee to Frank Lee, 24 January 1814, K.W. Porter, op. cit., Vol. 2, p. 1091. *Ibid.*, p. 1095, H. Lee to W. Oliver, 24 February 1814.

13 See Appendix, Chart 26.

14 i.e. Mauritius.

15 T. Metcalfe to C. Metcalfe, 1 April 1813, Home Misc. 738, p. 397.

16 Moira to Prince Regent, 19 October 1813, A. Aspinall (*ed.*), *Letters of George IV*, Vol. 1, p. 314.

17 *The Private Journal of the Marquess of Hastings*, 2nd ed., Vol. 1, pp. 39–40. See also Hastings, 'Operations in India', Add. MSS. 38,411, pp. 176 f.

18 BILLS DRAWN ON BENGAL

| Years | S.R. |
|---|---|
| 1813–4 | 1,77,39,272 |
| 1814–5 | 1,77,58,253 |

19 G.G. in C. to Court (Fin.), 31 December 1814.

20 Hastings, 'Operations', op. cit.

21 G.G. in C. to Court, 15 October 1814.

22 H. Lee to Sam. Williams, 21 October 1814, K.W. Porter, op. cit., Vol. 2, p. 1115.

23 G.G. in C. to Court, 15 October 1814.

24 Court to G.G. in C. (Fin.), 6 June and 16 August 1814.

25 Court to G.G. in C. (Comml.), 18 February 1814.

26 Court to G.G. in C. (Comml.), 9 April 1813, 24 May and 3 June 1814.

27 G.G. in C. to Court (Terr. Fin.), 18 December 1813.

28 G.G. in C. to Court (Fin.), 18 June 1814.

29 G.G. in C. to Court (Fin.), 15 October 1814.

30 G.G. in C. to Court (Fin.), 31 December 1814.

31 Fin. Consult., 19 November 1814.

32 G.G. in C. to Court (Fin.), 31 December 1814.

33 Court to G.G. in C. (Fin.), 16 August 1814.

34 Court to G.G. in C. (Secret Comml.), 7 October and 10 November 1815. £800,000 in all was sent, partly to be applied to service of H.M.G.

35 G.G. *in* C. to Court (*Fin.*), *18* February and *16* June *1815.*
36 Hastings to Chairman, *26* January *1819*, *Private Letters of the Marquess of Hastings*, 1818–9, I.O.
37 Total value of the Company's exports from Bengal in 1815—S.R. 64,22,719.
38 G.G. in C. to Court (Terr. Fin.), 26 April 1816.
39 This was predicted by Henry Lee. See Henry Lee to Francis Lee, 1 and 2 February 1815, K.W. Porter, op. cit., Vol. 2, p. 1124.
40 See Appendix, Chart 27.
41 See Appendix, Chart 28.
42 See Home Misc. 61, pp. 365–71.
43 Report by Mr Courtenay relative to duties on exports, imports, and transit of goods in India with reference to provisions of Secs. 25 and 98 of 53 Geo. III Cap. 155, 25 January 1814, Home Misc. 523, pp. 5–6.
44 Court to G.G. in C. (Separate), 28 December 1814.
45 See Appendix, Chart 29.
46 J. Phipps, *A Guide to the Commerce of Bengal*, pp. 189–204.
47 Import Warehousekeeper to Bengal Board of Trade, 10 February 1817. The rate of profit was dwindling, showing positive loss on iron, cutlery, tin, madeira, and claret. See Court to G.G. in C. (Comml. Fin.), 2 April 1817.
48 G.G. in C. to Court (Terr. Fin.), 16 December 1816.
49 General result of opium speculation between 1797–8 and 1821–2 furnished by Swinton, Larkins, and Lindsay on 27 August 1822, Home Misc. 762, p. 137.

EXPORT OF OPIUM FROM BENGAL

| Years | Penang | China | Java |
|---|---|---|---|
| | S.R. | S.R. | S.R. |
| 1813 | 12,47,655 | 55,71,277 | 2,33,225 |
| 1816 | 11,45,981 | 68,56,385 | 3,65,408 |

50 H. Lee to Sam. Williams, 21 October 1814, K.W. Porter, op. cit., Vol. 2, pp. 1112–3.
51 See Appendix, Chart 30.
52 See Appendix, Chart 31.
53 H. Lee to F. Lee, 16 May 1815, K.W. Porter, op. cit., Vol. 2, pp. 1140–1.
54 *Ibid.*, p. 1280, H. Lee to Miles and Cabot, 31 August 1817. *Ibid.*, p. 1327, H. Lee to Messrs Hottingue & Co., 13 February 1818.
55 *Bengal Commercial Reports*, 1818–9. See Appendix, Chart 32.
56 See Appendix, Chart 33.
57 See Appendix, Chart 34.
58 See Appendix, Chart 35.
59. See Appendix, Chart 36.
60 H. Lee to Alexander & Co., 30 September 1816, K.W. Porter, op. cit., Vol. 2, p. 1207.
61 *Ibid.*, p. 1298, H. Lee to Sam. Williams. 12 October 1817.

62 *Ibid.*, p. 1233, H. Lee to Fletcher, Alexander & Co. (London), 23 February 1817.
63 *Ibid.*, p. 1298, H. Lee to Sam. Williams, 12 October 1817.
64 *Ibid.*, p. 1135, H. Lee to F. Lee, 8 May 1815. See Appendix, Chart 37.
65 H. Lee to F. Lee, 13 May 1815, K.W. Porter, op. cit., Vol. 2, p. 1139.
66 See Appendix, Chart 38.
67 G.G. in C. to Court (Terr. Fin.), 9 August 1816.
68 G.G. in C. to Court (Terr. Fin.), 28 June 1816.
69 G.G. in C. to Court (Terr. Fin.), 16 December 1816.
70 G.G. in C. to Court (Terr. Fin.), 26 April 1816 and 21 January 1817.
71 C.H. Philips, *The East India Company 1784–1834*, op. cit., p. 213.
72 *Ibid.*, p. 215.
73 *Ibid.*, p. 216.
74 Appa Saheb was regent for Parsaji, the imbecile successor of Raghuji Bhonsle.
75 The Peshwa also ceded Konkan and certain other lands and strongholds as well as the tribute of Kathiawad to the British.
76 This obligation followed from the Treaty of Surji Arjungaon.
77 Secret Commercial Despatch to G.G. in C., 10 May 1816.
78 Court to G.G. in C., 9 November 1814. The Bengal government increased remuneration of the *molunghees* for surplus produce but stopped it when that policy affected the import of coast salt. The change of policy was dictated in the interest of the European-owned country ships.
79 G.G. in C. to Court (Terr. Fin.), 10 October 1817.
80 Court to G.G. in C., 23 September 1817.
81 Secret Commercial Despatch, 13 March 1817.
82 G.G. in C. to Court (Terr. Fin.), 4 April 1818.
83 *Cambridge History of India*, Vol. 5, p. 382.
84 Marquess of Hastings to Chairman, 20 February 1819, *Private Letters of the Marquess of Hastings*, op. cit.
85 *Ibid.*, Marquess of Hastings to Chairman, 26 September 1819.
86 Fall of Indian revenue was as follows:

| Years | Surplus revenue | Surplus charge |
|---|---|---|
| 1817–8 | £593,741 | — |
| 1818–9 | — | £97,015 |
| 1819–20 | — | £155,568 |

87 Court to G.G. in C. (Terr. Fin.), 1 September 1819.
88 Court to G.G. in C. (Terr. Fin).), 30 September 1818, 20 April 1819, and 5 July 1820.
89 See Appendix, Chart 39.
90 Court to G.G. in C. (Comml.), 12 June 1816, 3 September 1817.
91 Court to G.G. in C. (Comml.), 22 December 1815.
92 Court to G.G. in C. (Comml.), 17 June 1818.
93 Court to G.G. in C. (Comml.), 18 May and 10 July 1818.

94 *G. in C. Bombay to Court, 30 May 1812.* Elphinstone stopped this in 1820.

95 G. in C. Bombay to Court, 11 April 1818.

96 James Ritchie's evidence, S.C.H.C., 1832, Qs. 1376 *et seq.*

97 Secret Commercial Despatch to Fort St. George, 29 April 1818.

98 Secret Commercial Despatch to Bengal, 13 March 1817 and 21 April 1818.

99 Secret Commercial Despatch to Bengal, 7 May 1821.

100 See Appendix, Chart 40.

101 See Appendix, Chart 41.

102 Marquess of Hastings to Chairman, 8 February 1819, *Private Letters of the Marquess of Hastings,* op. cit.

103 *Bengal Commercial Reports.* 1818–9. The difference between Indian and British shipping was 30 per cent in the latter's favour; the rate of freight had been reduced by two-thirds of what prevailed in the last twenty years and the British ships carried on port to port trade against the letter of the law.

104 Court to G.G. in C. (Fin.), 20 June 1810.

105 H. St. George Tucker, *Remarks on the Plans of Finance Lately Promulgated by the Hon'ble Court of Directors and by the Supreme Government of India,* 1821, p. 3.

106 See Appendix, Chart 42.

107 John Palmer to Henry Trail, 31 October 1819, Palmer Papers, op. cit., Vol. 88, p. 308.

108 *Ibid.*, p. 30, John Palmer to Henry Trail, 20 June 1819.

109 *Ibid.*, p. 308, John Palmer to Henry Trail, 31 October 1819.

110 Cotton sold from 10*d.* per lb in the second sale of 1818 and from 5*d.* to 7*d.* in the first sale of 1819.

111 See Appendix, Chart 43.

112 BILLS DRAWN ON THE COURT ON ACCOUNT OF BENGAL DEBT

| | For interest | For principal |
|---|---|---|
| Years | S.R. | S.R. |
| 1818–9 | 34,89,284 | 71,312 |
| 1819–20 | 38,61,539 | 1,35,940 |
| 1820–1 | 1,26.97,973 | 1,17,780 |
| 1821–2 | 1,15,96,176 | 40,65,626 |

Financial Letters and Enclosures Received, India Office Library and Records.

113 *Bengal Commercial Reports,* 1818–9 to 1822–3. For actual value of the Company's imports from and exports to World and U.K., see H.H. Wilson, op. cit., tables 13 and 14. The Company was losing on imports. See Reports of Import Warehousekeeper in Proceedings of Bengal Board of Trade, 1818–22.

114 Evidence of the Chairman, S.C.H.L., 1820.

115 Secret Commercial Despatch to China, 24 April 1822. Bengal cotton sold for 5*d.* to 6*d.* a lb. in November 1822. See *The Asiatic Journal,* XIV, p. 827.

116 Secret Commercial Despatch to Bengal, 7 May, 22 June, and 16 August 1821.

117 TOTAL EXPORT OF BRITISH COTTON MANUFACTURES AND YARN

| Years | Declared value in £ (millions) |
|---|---|
| 1814 | 20 |
| 1815 | 20.6 |
| 1816 | 15.6 |

A.D. Gayer, W.W. Rostow, and A.J. Schwartz., op. cit., p. 149.

118 See Appendix, Chart 44. For depression in iron industry see Ashton, op. cit., pp. 153–4, and evidence of William Matthews in the *Report* of the Committee on Manufactures, 1833.

119 See Appendix, Chart 45.

120 See Appendix, Chart 46.

121 *Bengal Commercial Reports,* 1821–2 and 1822–3.

122 See Appendix, Chart 47.

123 See Appendix, Chart 48.

124 See Appendix, Chart 49.

125 About 32 lakhs on average were remitted in interest bills before 1820. See Appendix, Chart 50.

126 The government bought indigo at S.R. 234 in 1821 and S.R. 321 in 1822 to accommodate the agency houses, particularly Palmer £ Co., which produced 2*s.* 1½*d.* in England. See Draft proposed by Secret Commercial Committee to Bengal, 26 May 1824, Secret Commercial Drafts to India 1815–31, I.O.

127 G.G. in C. to Court, 4 January 1821.

128 Court to G.G. in C. (Comml.), 3 December 1823.

129 G.G. in C. to Court (Terr. Fin.), 18 February and 20 June 1822.

130 Hastings, 'Operations', Add. MSS. 38,411, pp. 208 f.

131 The Court criticized this policy. See Court to G.G. in C. (Terr. Fin.), 14 May 1823.

132 G.G. in C. to Court (Terr. Fin.), 13 January 1821.

133 Holt Mackenzie's Minute, 1 July 1819, *Selections from the Revenue Records of the N.W.P. (1818–1820)* (Calcutta, 1866). For early history, see Sulekh Chandra Gupta, *Agrarian Relations and Early British Rule in India* (Bombay, 1963), ch. V., pp. 99–124; Asia Siddiqui, *Agrarian Change in a Northern Indian State, Uttar Pradesh 1819–1833* (Oxford, 1973), chs. 1 and 2.

134 Eric Stokes, *The English Utilitarians and India* (Oxford, 1959), pp. 81–99; Sulekh Chandra Gupta, *ibid.*, chs. VI–VII; Asia Siddiqui, ibid., ch. 3, p. 68, seems to differ about the net produce criterion.

135 For earlier regulations regarding rent-free lands, see Regulations XLI and XLII of 1795, XXXI and XXXVI of 1803, VIII of 1811, V of 1813, XI and XXI of 1819.

136 For a discussion of the Mahalwari system, see Asia Siddiqui and Sulekh Ch. Gupta. op. cit.; B.B. Misra, *The Central Administration of the East India Company, 1773–1834* (Oxford, 1959), pp. 213–16; and Baden Powell, *Land Systems of British India* (Oxford, 1892), Vol. II, p. 21.

137 Between 1806–10 the Raja of Burdwan could not realize his demands from the tenants with the facility which pressure for revenue demand required. He divided his zamindari into lots called *patnis* and sold them with his rights as a zamindar to any person who would buy on condition that the revenue assessed by him on these lots would be paid to him. If any *patnidar* failed to pay, the lot would be resold for the balances. The *patnidar* would alienate whole or part of his lot on similar conditions. See N.K. Sinha, op. cit., Vol. 2, p. 103.

138 David Edward Owen, *British Opium Policy in China and India*, p. 86.

139 Michæl Greenberg, *British Trade and the Opening of China 1800–42*, pp. 124–5.

140 G.G. in C. to Court (Political), 4 January 1817.

141 Court to G.G. in C. (Separate), 24 October 1817.

142 Court to G.G. in C. (Separate), 27 January 1819.

143 H.B. Morse, *The International Relations of the Chinese Empire 1834–1911*, Vol. 3, pp. 339–40.

144 G.G. in C. to Court (Terr. Salt. Op.), 30 July 1819.

145 Terr. Dept. Consult., 12 November 1819.

146 G. in C. Bombay to G.G. in C., 29 December 1821.

147 Home Misc. 702. Also Swinton's evidence, S.C.H.C., 1830.

148 Notes by Holt Mackenzie, 10 July 1823, App. IV, Abstract on Malwa opium, *Third Report* (1831). Evidence of H. Magniac, 18 June 1830, S.C.H.C., 1830, *Second Report*. See Appendix, Chart 51.

149 Sir Reginald Coupland, *Raffles of Singapore*, pp. 92–105. Also see John Adam to Sir Stamford Raffles, 5 December 1818. Harlow and Madden (*ed.*), *British Colonial Developments. 1774–1834*, pp. 71–2.

150 Raffles to Secretary to Government, Calcutta, 20 December 1819, Eur. MSS. F. 33, pp. 329–70.

151 Court to G.G. in C. (Separate), 24 October 1817.

152 Court to G.G. in C. (Separate), 9 November 1814.

153 Accountant-General's Reports in Financial Letters and Enclosures Received, op. cit.

154 Court to G.G. in C., 8 August 1821.

155

| Years | Bengal Revenue | Surplus Revenue |
|---|---|---|
| 1813— | S.R. 9,64,45,285 | S.R. 2,05,41,213 |
| 1822— | S.R. 12,05,33,093 | S.R. 2,95,235 |

See G.G. in C. to Court (Terr. Fin.), 26 November 1823.

156

| | Bengal debt bearing Interest | India debt bearing Interest |
|---|---|---|
| 30 April 1814— | £24,718,500 | £27,002,439 |
| 30 April 1823— | £26,513,870 | £29,382,520 |

157 Court to G.G. in C. (Terr. Fin.), 14 May 1823.

158 John Palmer to Henry Trail, 16 July 1813, Palmer Papers, op. cit., Vol. 82, pp. 21–2. John Palmer might have met Popham during the latter's visit with the *Romney* to Calcutta in the midst of his operations in the Red Sea and the Indian waters around 1800–2.

159 John Palmer to William Palmer, 1 April 1814, Palmer Papers, op. cit., Vol. 84, pp. 43–4.
160 This was necessary under Section 28 of 37 Geo. III C. 142 which prohibited British subjects from entering into pecuniary transactions with the native princes, but left the dispensing power to the Governor-General in Council.
161 By the Berar contract the Company agreed to provide Rs 52,000 per month for the payment of 1,000 of the Sarkari cavalry.
162 By the Aurangabad contract the Company, on the security of revenue assignments, engaged to furnish at Aurangabad Rs 2 lakhs per month for the payment of the remainder of the Sarkari cavalry and four battalions of the Nizam's regular infantry and artillery.
163 Add. MSS. 38,411, pp. 49 f.
164 *Ibid.*, pp. 54 ff., Canning to Hastings, 20 August 1821.
165 *Ibid.*, pp. 71 ff. For their reasons see Moira to Rumbold, 4 January 1815, Hyderabad Papers, pp. 733–4.
166 Hastings was accused of faithlessness by John Palmer, which proves that Hastings was more deeply involved in the matter than it appears on the surface. We should remember that he came to India to recoup his fortunes. John Palmer to W. Palmer, 25 March 1823, Palmer Papers, op. cit., Vol. 96, p. 21.
167 Debates of 20 and 27 March 1816, *The Asiatic Journal*, Vol. 1, p. 380 and pp. 480–1; *ibid.*, Vol. 3, p. 495, Debate of 13 February 1817.
168 *Ibid.*, Vol. 5, p. 395.
169 Charles Grant's evidence, S.C.H.L., 1820–1.
170 Committee of the Society of Shipowners to the Lords of the Committee of the Privy Council for Trade and Plantations, 17 August 1819, App. U., S.C.H.C., 1821.
171 *Ibid.*
172 *Ibid.*, the Committee of the Privy Council to Canning, 23 August 1819.
173 *Ibid.*, Canning to Court, 17 May 1820.
174 *Ibid.*, Court to Canning, 7 June 1820.
175 J. Crawfurd's evidence, 13 June 1820, SC.H.L., 1820–1.
176 George Larpent's evidence, 23 March 1821, S.C.H.C., 1821.

SHIPS BUILT IN CALCUTTA

| Year | Tonnage | Year | Tonnage | Year | Tonnage |
|---|---|---|---|---|---|
| 1818 | 6,865 | 1820 | 3,953 | 1822 | 2,177 |
| 1819 | 3,222 | 1821 | 3,706 | | |

J. Phipps, *History of Shipbuilding in Calcutta*, pp. 126–7.
177 Evidence of Robert Rickards, 30 June 1820, S.C.H.L., 1820–1; *ibid.*, Evidence of John Forbes Mitchell, 24 June 1820.
178 *Ibid.*, Charles Grant's evidence, 6 July 1820.
179 *Ibid.*, James Goddard's evidence, 1 June 1820 and A. Robertson's evidence, 20 June 1820.
180 *Ibid.*, J. Gladstone's evidence, 14 March 1821.

181 *1 and 2 Geo. IV C. 65.*
182 *Third Report, S.C.H.C.,* 10 July 1821.
183 Courtenay to Dart, 3 May 1822, *The Asiatic Journal,* XIV, p. 141.
184 *Ibid.,* pp. 141–3. Dart to Courtenay, 23 May 1822.
185 *Ibid.,* pp. 144–5. Dart to Courtenay, 27 May 1822.
186 *Ibid.,* p. 264.
187 See Appendix, Chart 52.
188 Alderman Prinsep expressed the same sentiment as early as 1806. See *Parliamentary Debates,* 14 March 1806.
189 See Appendix, Chart 53.
190 At revenue sale land realized 71 years' purchase in 1813, 38½ years' purchase in 1815 (Nepal War), and 29 years' purchase in 1818 (Maratha War), but rose to 67 years' purchase in 1821. It shows lands were being bought and sold in speculation. War would increase interest rate and attract capital to public loans while peace would divert it to land. See Court to G.G. in C. (Revenue), 21 March 1821, G.G. in C. to Court (Revenue), 1 August 1822 and 30 July 1823.

## *5 THE FALL OF THE AGENCY HOUSES*

1 Adam to Chairman, 17 January 1823.
2 Court to G.G. in C. (Terr. Fin.), 4 June 1823.
3 G.G. in C. to Court (Terr. Fin.), 12 December 1823.
4 G.G. in C. to Court (Terr. Fin.), 28 November 1823.
5 G.G. in C. to Court (Fin.), 14 Febuary and 26 February 1823.
6 G.G. in C. to Court (Fin.), 30 July 1823.
7 Court to G.G. in C. (Separate, Customs), 28 December 1814.
8 Adam's Minute, 22 May 1823, First App., II Trade, *Third Report* of the Select Committee of the House of Commons, 1831.
9 As Charles Trevelyan points out in his report, ' . . . Indian piece-goods were still liable to a heavier duty in the home market than those which were imported into England, by no less than 15 per cent.' Op. cit., p. 9.
10 See Appendix, Chart 54.
11 John Crawfurd, 'A Sketch of the Commercial Resources' (1837), reprinted in K. N. Chaudhuri (*ed.*), *The Economic Development of India under the East India Company 1814–58* (Cambridge 1971), p. 276.
12 G.G. in C. to Court (Terr. Fin.), 31 December 1824.
13 See Appendix, Chart 55.
14 G.G. in C. to Court (Terr. Fin.), 13 April 1826.
15 G.G. in C. to Court (Terr. Fin.), 17 February 1823.
16 G.G. in C. to Court (Terr. Fin.), 4 August 1825.
17 Court to G.G. in C. (Terr. Fin.), 21 June 1825.
18 Amherst to Chairman, 25 August 1825. Also Amherst to Liverpool, 4 September 1825. Add. MSS. 38,412, pp. 18 f.

19 C.H. Philips, *The East India Company 1784–1834*, op. cit., p. 254.
20 *Ibid.*, p. 260.
21 G.G. in C. to Court (Terr. Fin.), 19 April 1827.
22 G.G. in C. to Court (Terr. Fin.), 4 August 1826.
23 Financial letters and Enclosures Received, 1826, Vol. 17, pp. 461–5.
24 See G.G. in C. to Court (Terr. Fin.), 18 August 1825. In 1822, 119 civil servants applied to the government for relief from debt. One hundred and twelve between them owed S.R. 8,566,371. The military servants owed still more. The most prominent of the causes given were compound interest charged by the Agency houses and 'public virtues'.
25 Financial Letters and Enclosures Received, 1826, Vol. 17, pp. 465–70.
26 See Appendix, Chart 56.
27 Holt Mackenzie to Calcutta merchants, 8 June 1826, Financial Letters an Enclosures Received, 1826, Vol. 17, pp. 482–3.
28 There were fifteen *chokeys* between Patna and Calcutta, independent of the salt and opium *chokeys*, and thirty-one between Banaras and Calcutta : 'Bands of custom-house officers are therefore let loose, without any regular allowances upon the trade and communication of the country, to derive the best subscribers they can from extortion and collusion.' C.E. Trevelyan, op. cit., p. 48. See *Calcutta Courier*, 8 August 1832.
29 Holt Mackenzie's Memorandum, Bengal Salt and Opium Consultations, 23 June 1825. See also Holt Mackenzie's evidence, S.C.H.C., 1832, II Fin. Qs. 77 *et seq.*
30 IMPORT OF COTTON TWIST FROM THE U.K.

| Year | S.R. |
|---|---|
| 1824 | 81,145 |
| 1825 | 1,41,305 |
| 1826 | 8,09,052 |
| 1827 | 18,42,110 |

H.H. Wilson, op. cit.
31 Elie Halevy, *A History of the English People 1815–1830*, p. 197.
32 It was first allowed to be imported for British consumption in 1819 and the leading Directors of the E.I. Company, like Wigram, Astell, Pattison, and Marjoribanks, were personally interested in the trade. Parliament, however, prohibited its import in 1824. Lushington to Liverpool, 27 March 1824, Add. MSS. 35,411, pp. 233 ff.
33 C.H. Philips, *The East India Company 1784–1834*, op. cit., p. 243.
34 Henry St. George Tucker, *Memorials of Indian Government, ed.* John William Kaye. See also Z. Macaulay, *East and West India Sugar Land* (1823), pp. 98–103.
35 Tucker to Huskisson, 27 March 1823, Add. MSS. 38,744, pp. 180 ff.
36 *Ibid.*, pp. 185 f.
37 *Ibid.*, pp. 209 f., Charles Grant to Huskisson, 4 April 1823.
38 Huskisson to Charles Ellis, 31 March 1823, Add. MSS. 38,744, pp. 195–6 in reply to Charles Ellis to Huskisson, 9 March 1823.

39 Note the striking similarity with the situation in Bengal described above and below.

40 See tables 42 & 43, Phyllis Deane and W.A. Cole, *British Economic Growth 1688–1959* (Cambridge 1969), pp. 185–7.

41 For a study of a commercial depression in Britain, see S.G. Checkland, 'John Gladstone, as trader and planter', *Economic History Review*, Second Series (1954–55), pp. 217–22.

42 PRICES OF BENGAL GOODS IN THE LONDON MARKET

| Articles | Nov. 1824 | June 1825 | June 1826 |
|---|---|---|---|
| Indigo per lb. | 13.6*s.* | 16.2.2*s.* | 12.6*s.* |
| Cotton per lb. | 9*d.* | 16.5*d.* | 7.4*d.* |
| Sugar per cwt. | 56*s.* | 62*s.* | 51*s.* |

43 John Palmer to H. Trail, 1 December 1826, Palmer Papers, op. cit., Vol. 104, pp. 254–5.

44 See Appendix, Chart 57.

45 Court to G.G. in C. (Terr. Fin.), 14 June 1826.

46 G.G. in C. to Court (Terr. Fin.), 16 November 1826.

47 Palmer & Co. to H.T. Prinsep, 6 December 1826, Financial Letters and Enclosures Received, 1826–7, Vol. 18, pp. 69–71.

48 Accountant General to H.H. Prinsep, 26 December 1826, *ibid.*, pp. 80–5. He opposed any further aid in cash loans.

49 G.G. in C. to Court (Terr. Fin.), 19 April 1827.

50 *Alexander's East India Magazine*, Vol. 5, no. 31, pp. 581–92.

51 AVERAGE PRODUCE OF BENGAL INDIGO

| Years | Produce (md.) | Price (per fact. md.) S.R. |
|---|---|---|
| 1822 | 113,223 | 260 |
| 1823 | 78,848 | 280 |
| 1824 | 110.700 | 240 |
| 1825 | 143,231 | 220 |
| 1826 | 86.000 | 235 |

Halved produce meant loss of a crore of capital. See Note by H.T. Prinsep, Acting Secy. to Terr. Dept., 9 March 1827, Financial Letters and Enclosures Received, 1826–7, Vol. 18, p. 210.

52 LIST OF EUROPEAN HOUSES WHICH FAILED IN 1826 AND 1827

| Names | Years | Supposed to have failed for S.R. |
|---|---|---|
| Davidson & Co. | 1826 | 65 lakhs |
| Mercer & Co. | 1827 | 55 ,, |
| Burnett & Co. | ,, | 18 ,, |
| Mendeetta Unecarte & Co. | ,, | 17 ,, |
| Brightman (Barretto & Co.) | ,, | 2 ,, |

*Ibid.* p. 215.

53 LIST OF INDIAN HOUSES WHICH FAILED

| Name | Year | Supposed to have failed for |
|---|---|---|
| | | S.R. |
| Anundmohun Paul and Soobulchunder Paul | 1826 | 1,50,000 |
| Radhamohan & Kissen Mohun Dull (Paul ?) | ,, | 1,00,000 |
| Gungagobind Seal and Hur Gobind Seal | ,, | 2,50,000 |
| Bishumbur Pyn & Chunder Coomar Pyn | ,, | 60,000 |
| Ramnarain De and Madhub Churn De | 1827 | 2,50,000 |
| Muthooramohun Sein & Co. | ,, | 13,00,000 |
| Subulchunder Nundy | ,, | 50,000 |

*Ibid.*

54 Financial Letters and Enclosures Received, 1826–7, Vol. 18, pp. 220–1.

55 Resolution of G.G. in C. (Terr. Dept.), 26 March 1827.

56 India showed a deficit of S.R. 1,20,03,318. G.G. in C. to Court (Terr. Fin.), 26 June 1828.

57

| Year | Excess of supplies to Bombay | Excess of supplies to Madras | Supplies to China |
|---|---|---|---|
| | S.R | S.R. | S.R. |
| 1825–6 | 1,25,36,430 | 36,44,583 | 14,89,860 |
| 1826-7 | 84,97,956 | 45,03,550 | 11,26,088 |

Financial Letters and Enclosures Received, Vols. 18 and 20(1).

58 G.G. in C. to Court (Terr. Fin.), 19 July 1827.

59 Court to G.G. in C. (Terr. Fin.), 14 June 1826.

60 G.G. in C. to Court (Terr. Fin.), 18 October 1827. Holt Mackenzie opposed the export of capital and restrictions on the Bank very strongly. See Note on the Bank, 26 February 1827, Financial Letters and Enclosures Received, 1827–8, Vol. 19, pp. 260–300; and Memorandum on export of specie, 27 June 1872, *ibid.*, pp. 29–67.

61 G.G. in C. to Court (Terr. Fin.), 15 November 1827.

62 See Appendix, Chart 58.

63 In 1826–7 value of imported cotton goods first exceeded that of exported cotton goods.

64 Court to G.G. in C. (Comml.), 10 March and 14 April 1824, 15 February and 30 March 1825 and 17 May 1826.

64a Court to G.G. in C. (Comml. Sep.), 7 February 1828.

65 Court to G.G. in C. (Comml.), 20 June 1826.

66 Secret Commercial Drafts, 15 June 1825 and 14 February 1827 and Secret Commercial Drafts to India 1815–31, I.O.

67 The Company paid Rs 10.7.7 per seer of silk in 1815, Rs 14.11.6 in 1821, and Rs 15.1.4. in 1825.

68 Court to G.G. in C. (Comml.), 16 May 1827.

69

| Year | Bengal revenues | Bengal charges |
|---|---|---|
| | SR. | S.R. |
| 1827–8 | 12,91,98,301 | 11,74,77,138 |

69a G.G. in C. to Court (Terr. Fin.), 22 September 1829.

70 Court to G.G. in C. (Separate), 11 July 1827.

| Years | Average price of salt per 100 maunds (whole figure) | Revenue raised |
|---|---|---|
| | S.R. | S.R. |
| 1822 | 418 | 2,04,75,412 |
| 1823 | 385 | 1,90,39,514 |
| 1824 | 352 | 1,81,91,301 |
| 1825 | 390 | 1,84,43,698 |
| 1826 | 419 | 1,87,35,733 |
| 1827 | 415 | 2,05,36,872 |

71 G.G. in C. to Court (Separate), 31 May 1827.

72 Holt Mackenzie's note, 10 July 1823, Abstracts on Malwa opium, *Third Report*, 1831, App. IV, p. 28.

73 *Ibid.*, p. 19, Malcolm to Secretary Warden, 26 April 1821.

74 *Ibid.*, pp. 30–1.

75 Political Consultations, 9 February 1827, no. 10.

76 *Ibid.*, 21 March 1828, no. 75.

77 Court to G.G. in C. (Separate), 11 July 1827.

78 Sir Edward Colebrooke's reply to the Circular sent at Metcalfe's instance to the agents in Rajputana and Malwa. See G.G. in C. to Court (Separate), 7 July 1829.

79 i.e. James Mill, not Bentham, for Bentinck, according to Halevy, never met Bentham.

80 C.H. Philips, (*ed.*), *The Correspondence of Lord William Cavendish Bentinck*, Vol. 1, 1828–31 (Oxford, 1977), Introduction, XV.

81 John Rosselli, *Lord William Bentinck*: *The Making of a Liberal Imperialist 1774–1839* (London, 1974), p. 186.

82 *Ibid.*, p. 189. For a contrary view, see Professor Philips: 'His rule was remarkable not so much for his own practical achievements as for his open-mindedness to ideas for change and declaration of liberal intent to pursue policies which in his own words found "British greatness upon Indian happiness."' C.H. Philips (*ed.*), *The Correspondence of Lord William Cavendish Bentinck*, op. cit., Introduction, XLV.

83 John Rosselli, op. cit., p. 187.

84 Average annual deficiency in five years ending

| | |
|---|---|
| 1814–5 | £ 134,662 |
| 1818–9 | £ 736,833 |
| | (Nepal, Pindari, Maratha Wars) |
| 1823–4 | £ 27,531 |
| 1828–9 | £2,878,031* |
| | (Burma War, Bharatpur compaign) |

As William Astell, the chairman-elect, informed him before his departure, the total deficit since 1814 amounted to £ 20 million.

85 Report, S.C.H.C., 1832.

86 Bentinck to Astell, 17 October 1828, Bentinck Papers, Nottingham University Library.

87 Lord Colchester (*ed.*), *Ellenborough Diary,* Vol. 1, p. 265, 26 November 1828.

88 *Ibid.,* Vol. 2, pp. 137–8, 19 November 1829.

89 Ellenborough to Bentinck, 19 May 1829, Bentinck Papers, op. cit.

90 *Ellenborough Diary,* op. cit., Vol. 2, p. 131, 13 November 1829.

91 Colchester Papers, *Ellenborough Diary,* 9 August 1828, P.R.O. 30|9. Vol. 29. Loss on India trade in last 6 years—£245,761, profit on China trade in last 6 years—£1,011,584.

92 *Ellenborough Diary,* op. cit., Vol. 1, p. 185, 1 August 1828.

93 Colchester Papers, *Ellenborough Diary,* op. cit., 27 October 1829.

94 *Ellenborough Diary,* op. cit., Vol. II, p. 74, 23 July 1829.

95 Ellenborough to Bentinck, 19 May 1829 and 2 January 1830, Bentinck Papers, op. cit.

96 *Ibid.,* Ravenshaw to Bentinck, 1 February 1830.

97 Court to G.G. in C. (Terr. Fin.), 12 December 1829.

98 See Appendix, Chart 59.

99 G.G. in C. to Court (Separate), 7 July 1829.

100 G.G. in C. to Court (Terr. Fin.), 8 December 1829.

101 H.B. Morse, *The Chronicles of the East India Company trading to China 1635–1834,* Vol. 4, pp. 183, 197 and 385. See also Morse, *The International Relations of the Chinese Empire,* op. cit., Vol. 1, p. 90.

102 G.G. in C. to Court (Separate), 3 August 1830.

103 G.G. in C. to Court (Separate), 5 February 1831.

104 Court to G.G. in C. (Public), 9 March 1825.

105 Court to G.G. in C. (Public), 5 September 1825.

106 Astell to Bentinck, 20 January 1829, Bentinck Papers, op. cit.

107 *Ellenborough Diary,* op. cit., Vol. 2, p. 148, 16 December 1829.

108 Bentinck to Astell, 8 June 1829, Bentinck Papers, op. cit.

109 *The Samachar Darpan,* 11 July 1818 (18 Asarh 1225), 21 October 1820 (6 Kartick 1227) and 8 March 1823 (26 Falgun 1229). See Brajendranath Bandyopadhyaya, 'Rammohun Roy as an Educational Pioneer', *Journal of Bihar and Orissa Research Society,* Vol. 16, part 2; and Jogesh Ch. Bagal, 'The Hindu College, Predecessor of the Presidency College', *Modern Review,* July and September 1955. This view has been challenged recently by R.C. Majumdar, *On Rammohun Roy* (Calcutta, 1972), pp. 20–39. See in this connection A.F.S. Salahuddin Ahmad, *Social Ideas and Social Change in Bengal 1818–35* (second edition, Calcutta, 1976), pp. 201–13; and Amales Tripathi, *Vidyasagar: Traditional Moderniser* (Calcutta, 1974).

110 *Gnananvesan,* quoted in *India Gazette,* 28 February 1833.

111 See John Rosselli, op. cit., part 3, sections 3 and 4.

112 Bentinck's Minute, 10 November 1831.
113 Rammohun Roy's part has been alluded to in Bentinck's Minute on Suttee, 8 November 1829, and in Sir E. Ryan to Bentinck, 12 August 1829.
114 Bentinck's Minute on Suttee, 8 November 1829.
115 Return of the Judicial Department, 1 June 1830, App. V., S.C.H.C., 1832, nos. 60 and 73. James Mill gave a return on 6 August 1832 which puts the total number of indigo factories in the Bengal presidency at 899, of European owners at 119, and of European assistants at 354, *ibid.*, no. 75.
116 *Alexander's East India Magazine*, Vol. 6, p. 275.
117 THE COMPANY'S EXPORTS OF RAW SILK

| Years | Bales |
|---|---|
| 1826 | 6,141 |
| 1827 | 6,264 |
| 1828 | 7,014 |

*Bengal Commercial Reports*, 1826–7 to 1828–9.
118 *Alexander's East India Magazine*, Vol. 3, p. 209.
119 John Crawfurd, *Letters from British Settlers in the Interior of India* (London, 1831).
120 Memorial from Principal Merchants at Calcutta to G.G. in C., 28 January 1829, App. V, S.C.H.C., 1832, no. 43. See *Bangaduta*, 13 June 1829 (1 Asarh 1226).
121 Minute of Metcalfe, 19 February 1829, App. V, S.C.H.C., 1832, no. 45; also C.H. Philips (*ed.*), *The Correspondence of Lord William Cavendish Bentinck*, op. cit., Vol. 1, pp. 201–13.
122 Minute of Governor-General, 30 May 1829, App. V, S.C.H.C., 1832, no. 46.
123 Ravenshaw to Bentinck, 8 August 1829, Bentinck Papers, op. cit.
124 *Ellenborough Diary*, op. cit., 27 June 1829, Vol. 2, p. 59 and 4 December 1829, p. 141.
125 Auber to Bentinck, 6 June 1820, Bentinck Papers, op. cit.
126 Court to G.G. in C. (Revenue), 8 July 1829. See also Court to G.G. in C. (Judicial), 6 August 1828.
127 Court to G.G. in C. (Comml.), 18 February 1829.
128 Bentinck's Minute, 8 December 1829 and Bentinck to Auber, 14 December 1829 in C.H. Philips (*ed.*), *The Correspondence of Lord William Cavendish Bentinck*, op. cit. pp. 365–6.
129 G.G. in C. to Court (Revenue), 1 January 1830.
130 Net asset—1 crore 53 lakhs.
Net debt—2½ crores. See *Alexander's East India Magazine*, September 1831, pp. 312–4.
131 Court to G.G. in C. (Terr. Fin.), 20 July 1831.
132 *Alexander's East India Magazine*, Vol. 5, No. 31, p. 585.
133 Letter of Merchants to Holt Mackenzie, 11 May 1830, Financial Letters and Enclosures Received, 1829–30, Vol. 23, pp. 583–9. Also see G.G. in C. to Court (Terr. Fin.), 14 May 1830.

134 Court to G.G. in C. (Revenue), 2 April 1828.

135 Report of 14 May 1830, Financial Letters and Enclosures Received, 1829–30, Vol. 23, pp. 590–8.

136 According to Crawfurd, Calcutta had 50 firms, Bombay 17 and Madras 10, before the failures of 1830–33. In the opinion of C.H. Philips there were in 1830 seven municipal and three secondary houses of agency and twenty smaller mercantile houses in Calcutta.

136a The Fort Glocester complex, run by Fergusson and Company, consisted of a factory for making cotton twist, a rum distillery, an iron foundry, an oil mill and a paper mill—all worked by five steam engines. *Parliamentary Papers*, H.C., 1840, Vol. 8, Select Committee on E. I. Produce, evidence of H. Gouger, pp. 116–23. John Crawfurd writes of the indigo situation about this time: 'The annual produce of all Bengal provinces has been estimated at about nine million pounds weight, produced on about a million and quarter acres of cultivated land; the planters, on an average, farming about 2,500 acres each. The prime cost of the article, to the planters, has been estimated, by themselves, at £1,680,000; yielding a gross profit, including risks and charges of above 40 per cent, and thus making the export value about £2,400,000.' Crawfurd in K.N. Chaudhuri, op. cit., p. 249.

137 Bentinck to Astell, 4 June 1830, Bentinck Papers, op. cit.

138 Minute of Governor General, 14 May 1830, Financial Letters and Enclosures Received, 1829, Vol. 23, pp. 599–610.

139 G.G. in C. to Court (Terr. Fin.), 18 May 1830.

140 British Imports into Calcutta

(Quality)

| Year | Cotton yarn (md.) | Cotton twist (md.) | Mule twist (md.) | Iron (md.) | Lead (md.) | Copper (md.) | Spelter (md.) |
|---|---|---|---|---|---|---|---|
| 1826–7 | 1,794 | 8,626 | 12,723 | 1,21,835 | 19,623 | 43,146 | 1,62,319 |
| 1828–9 | 5,175 | 17,704 | 19,120 | 1,71,221 | 28,241 | 44,076 | 89,947 |
| 1829–30 | 1,799 | 11,635 | 8,488 | 1,18,530 | 11,527 | 59,196 | 81,866 |

*Bengal Commercial Reports*, 1826–7 to 1829–30.

141 Secret Commercial Drafts, 9 June 1829.

142 Secret Commercial Drafts, 13 July 1830.

143 App. 1, *Third Report, S.C.H.C.*, 1831.

144 It bought S.R. 71,48,754 worth on indigo besides private bills. See G.G. in C. to Court (Terr. Fin.), 5 June 1830.

145 See Appendix. Chart 60.

146 Bentinck was for buying the investment in the open market. Bentinck to Auber, 11 September 1830, Bentinck Papers, op. cit.

147 G.G. in C. (Terr. Rev.), 18 May 1830. For Ellenborough's orders, see Ellenborough to Bentinck, 19 May 1829 and 15 May 1830, Bentinck Papers, op. cit.

148 G.G. in C. to Court (Comml.), 7 September 1830.

149 G.G. in C. to Court (Comml.), 27 July 1830.

150 G.G. in C. to Court (Separate General), 31 August 1830.

151 G.G. in C. to Court (Public General), 22 September 1830. The first foundry was set up by Jessop & Co.
152 G.G. in C. to Court (Judicial), 9 November 1830.
153 Judicial Consultations, 9 June 1830, number 1 to number 32.
154 *Alexander's East India Magazine*, February 1831, Vol. 1, pp. 311–2.
155 Quoted in 'Conduct of Europeans in India', App. V, Report of S.C.H.C., 1832, no. 77. See *Samachar Darpan*, 19 December 1829 (6 Paus 1236), and *Bengal Hurkaru*, 17 December 1829, reporting speeches of Rammohun Roy and Dwarkanath Tagore at a public meeting in the Town Hall, representative of Indians as well as Europeans.
156 Return of Judicial Department, 1 June 1830.
157 Ellenborough to Bentinck, 15 May 1830, C.H. Philips (*ed.*), *The Correspondence of Lord William Cavendish Bentinck*, op. cit. p. 440.
158 Evidence before S.C.H.C., 1813, put it at 3*s.* to 6*s.* per month. The petition of the planters from Jessore, 16 March 1829, put it at 5*s.* to 8*s.* per month. See also Langford Kennedy's evidence, S.C.H.C., 1832, Q. 1203.
159 Evidence of Andrew Ramsay, S.C.H.L., 1830 Qs. 3520 *et seq.*
160 A great controversy over this question was going on between the *Samachar Chundrika* of Bhabani Charan Bandyopadhyaya, on the one hand, and the *Calcutta Journal*, the *Asiatic Magazine*, the *Calcutta Monthly Journal*, the *Sambad Kaumudi*, and the *Banga Duta*, on the other. The last two papers supported introduction of European capital. The *Samachar Darpan* of the Serampore Mission kept aloof from the controversy.
161 Bracken's evidence, S.C.H.C., 1830–1, Q. 178.
162 Court to G.G. in C. (Terr. Fin.), 20 July 1831, also same to same, 10 April 1832.
163 Separate Consultation, 16 March 1830, no. 1, Separate Consultation, 4 May 1830, no. 1 and nos. 3–5.
164 G.G. in C. to Court (Separate Customs), 1 October 1830.
165 G.G. in C. to Court (Terr. Fin.), 18 February 1831 and 17 May 1831. Gwalior Loans—50 lakhs, other political loans—S.R. 1,02,54,475 and the first instalment of 5 per cent loan—S.R. 1,50,00,000, would throw 3 crores of cash in the market.
166 The Court had been suffering from the fall of exchange. Where 2 crores 40 lakhs sufficed in 1813 to meet the home charges, 3 crores 50 lakhs were needed in 1829. The Board rate of exchange added to this difficulty. P.R.O. 30/9, Vol. 29, 17 October 1829.
167 Metcalfe to Bentinck, 17 February 1831 and 19 February 1831, Bentinck Papers, op.cit.
168 G.G. in C. to Court (Terr. Fin.), 20 June and 30 August 1831.
169 G.G. in C. to Court (Terr. Fin.), 1 May 1832.
170 In all S.R. 32,43,193 was advanced for private bills. G.G. in C. to Court (Terr. Fin.), 15 February 1831.
171 G.G. in C. to Court (Terr. Fin.) 17 May 1831.

172 IMPORT OF BRITISH COTTONS AND METALS

| Year | Cotton piece-goods S.R. | Cotton yarn (md.) | Cotton twist (md.) | Mule twist (md.) | Iron (md.) | Copper (md.) | Lead (md.) |
|---|---|---|---|---|---|---|---|
| 1830–1 | 58,66,096 | 1,457 | 23,958 | 19,715 | 7,73,811 | 94,933 | 19,017 |
| 1831–2 | 42,72,336 | 1,952 | 33,031 | 29,002 | 1,53,766 | 85,730 | 23,872 |
| 1832–3 | 39,72,259 | 878 | 17,297 | 12,480 | 1,37,162 | 68,483 | 22,607 |

*Bengal Commercial Reports*, 1830–1 to 1832–3.

173 See Appendix, Chart 61.

174 DECLINE OF SHIPBUILDING IN CALCUTTA

| Year | Tonnage built | Year | Tonnage built | Year | Tonnage built |
|---|---|---|---|---|---|
| 1823 | 1,167 | 1827 | 820 | 1831 | 1,605 |
| 1824 | 2,375 | 1828 | 1,193 | 1832 | 136 |
| 1825 | 1,818 | 1829 | 727 | | |
| 1826 | 2,172 | 1830 | 929 | | |

John Phipps, *History of Ship-building in Calcutta*, pp. 126–7.

175 Financial Letters and Enclosures Received, 1833, Vol. 36, pp. 480–3.

176 G.G. in C. to Court (Terr. Fin.), 27 March 1832. For the crisis see John Crawfurd, *A Sketch of the Commercial Resources* (1837), in K.N. Chaudhuri (*ed.*), op. cit., pp. 277–281.

177 G.G. in C. to Court (Terr. Fin.), 31 July 1832. Until June 1831 the Bank of Bengal had advanced to them nearly 10 lakhs of rupees. It was persuaded to give accommodation for another seventeen, when three other houses—Fergusson & Co., Cruttenden & Co. and Mackintosh & Co. gave them credit. See *India Fin. Progs.*, 3, 7 March 1835.

178 Assets—494 lakhs (after a deduction of 60½ per cent due to fall of prices). Debts—344 lakhs. *Alexander's East India Magazine*, Vol. 5, pp. 1–16.

179 *Ibid.*, Vol. 6, p. 76. Assets—250 lakhs. Debts—237 lakhs.

180 Auber to Bentinck, 12 January, 20 April and 11 May 1833. Bentinck Papers, op. cit.

181 Net assets—S.R. 47,15,000. Net debts—S.R. 1,02,90,000. *Alexander's East India Magazine*, Vol. 6, p. 485.

182 See Bengal Fin. Consult., 1 and 26 April 1833.

183 See Appendix, Chart 62.

184 Bentinck to Auber, 7 May 1833, Bentinck Papers, op. cit.

185 Court to G.G. in C. (Terr. Fin.), 20 July 1831.

186 Bentinck's Minute, 15 April 1833, Bentinck Papers, op. cit.

187 *Ibid.*

188 G.G. in C. to Court (Terr. Fin.), 23 April 1833. 13 lakhs were lent to Fergusson & Co. and 9 lakhs to Cruttenden & Mackillop. The Colvins failed before the decision to lend them 6 lakhs was taken.

189 G.G. in C. to Court (Terr. Fin.), 17 June and 30 December 1833.

190 Bentinck to Auber, 7 December 1833 and 17 January 1834, Ben-

tinck Papers, op. cit. The London *Times* computed the list of debts in the following way:

| | | |
|---|---|---|
| Palmer & Co., Calcutta | £5 | million |
| Alexander & Co., Calcutta | £3½ | „ |
| Mackintosh & Co., Calcutta | £2½ | „ |
| Colvin & Co., Calcutta | £1 | „ |
| Fairlie & Co., London and Fergusson & Co., Calcutta | £1,800,000 | |
| Richard Mackintosh & Co., London | £9,50,000 | |

Michael Greenberg, op. cit., p. 165.
In John Crawfurd's calculation, the loss amounted to £20 million of which 5 shillings in the pound would never be recovered, causing an actual sacrifice in capital of £15 million. Once again, it spelt ruin for many Indian capitalists who had invested money in indigo or lent to the agency houses. See evidence of Thomas Davidson, S.C.H.L., 1830, *Report*, p. 256.

191 25 April 1827, Proceedings of the Manchester Chamber of Commerce, Vol. II. See also Arthur Redford, *Manchester Merchants and Foreign Trade 1794–1858.*

192

| No. of yarn | Cost of English yarn (per lb) 1812 | 1830 | Cost of Indian Yarn (per lb) 1830 |
|---|---|---|---|
| 40 | 2*s.* 6*d.* | 1*s.* 2½*d.* | 3*s.* 7*d.* |
| 80 | 4*s.* 4*d.* | 2*s.* 6¾*d.* | 9*s.* 3*d.* |
| 120 | 6*s.* | 4*s.* | 16*s.* 5*d.* |
| 200 | 20*s.* | 14*s.* 6*d.* | 45*s.* 1*d.* |

See E. Baines, op. cit.

193 Chairs to Ellenborough, 4 September 1829, Bentinck Papers, op. cit.

194 Memorandum of an interview with the Duke of Wellington and Ellenborough, 12 October 1830, I.O. Charters, Vol. 19, p. 11.

195 Ellenborough to Chairs, 13 October 1820, Bentinck Papers, op. cit.

196 8 February 1830, Proceedings of the Manchester Chamber of Commerce, Vol. 2.

197 *Ibid.*, 13 and 26 March 1830. Of the prominent witnesses J. Crawfurd was the London publicity manager of the Calcutta agency houses; T. Rickards belonged to Rickards, Mackintosh & Co., the London office of Mackintosh & Co. of Calcutta, and Bracken was partner of Alexander & Co.

198 *Ellenborough Diary*, op. cit., 3 April 1830, Vol. 2, p. 219.

199 Auber to Bentinck, 17 June 1830, Bentinck Papers, op. cit.

200 G.G. Larpent's evidence, S.C.H.C., 1832, II Fin., Qs. 1976 *et seq.*

201 Walter Simons's evidence, S.C.H.C., 1832, II Fin., Q. 1027 and Q. 1038.

202 Bracken's evidence, S.C.H.C., 1830–1, Q. 65, Q. 74, *ibid.*, Matthew Gisborne's evidence, Q. 1147.

202a First Appendix, *Third Report*, S.C.H.C., 1831.

203 Joshua Saunders's evidence, S.C.H.C., 1830–1, Qs. 1998 *et seq*. and Qs. 2022–23.

204 Holt Mackenzie's evidence, S.C.H.C., 1832, II Fin., Qs. 233–301, 306, and 309.

205 Robert Rickards's evidence, S.C.H.C., 1831, Qs. 2855–60; John Crawfurd's evidence, S.C.H.C., 1830–31, Qs. 1850–52; Peter Gordon's evidence, Qs. 2212–2350; Horsley Palmer's evidence, S.C.H.C., 1832, II Fin., Qs. 1282–1447; and Rothschild's evidence, Q. 2498.

206 Peter Gordon's evidence, S.C.H.C., 1830–1, Qs. 2142, 2160, and 2180 *et seq*.

207 Holt Mackenzie's evidence, S.C.H.C., 1832 III Rev., Qs. 938 *et seq*.

208 H. St. G. Tucker's evidence, S.C.H.C., 1832, III Rev., Q. 517, *ibid*., Alex. Reid's evidence, Qs. 625 *et seq*.

209 *Ibid*., Sir Charles Forbes's evidence, Q. 2425.

210 Thomas Langton's evidence, S.C.H.C., 1831, Qs. 2863–2970, Qs. 4796–4822, Qs. 4855–4912.

211 Rammohun Roy's evidence, S.C.H.C., 1831, Qs. 48–49. Auber in a letter to Bentinck says that Rammohun fell under the influence of J. Crawfurd.

212 Answers to Queries proposed by the Board of Control, upon subjects relating to trade with India. App., *Report* of S.C.H.C., 1832, II Fin. Com., No. 4.

213 App., *Report* of S.C.H.C., 1832, II Fin. Com., no. 21.

214 Paper of Hints shown by Grant at a meeting of Chairman, Lord Grey, and Charles Grant, 10 December 1832, I.O. Charters, Vol. 19, pp. 3–4.

215 *Ibid*., pp. 6–7, Committee of Correspondence, 2 January 1833.

216 *Ibid*., pp. 24–5, Charles Grant to Chairs, 12 February 1833. See table of statistics of American trade, 1818–33, Morse, *The International Relations of the Chinese Empire*, op. cit., Vol. 1, p. 89.

217 Charles Grant to Chairs, 12 February 1833, I.O. Charters, Vol. 19, pp. 39–40.

218 *Ibid*., pp. 77 *et seq*., Chairs to Charles Grant, 27 February 1833.

219 *Ibid*., p. 96, Chairman to President of India Board, 18 March 1833.

220 *Ibid*., pp. 114 and 117 *et seq*. H. St. George Tucker's dissent, 30 March 1833.

221 *Ibid*., pp. 178–9. Resolution of the General Court, 25 April 1833.

222 *Parliamentary History*, Third Series, Vol. XIX, p. 304.

223 *Ibid*., Vol. XVIII, p. 741.

224 Court to G.G. in C. (Terr. Fin.), 19 August 1829.

225 Thomas Langton's evidence, S.C.H.C., 1831, op. cit.

226 The question of India debt was very important to the Europeans. The S.C.H.C., 1832, states in its *Report* that, of the Registered India Debt, amounting on 23 May 1831 to £30,774,092, the natives held £7,860,102 and the Europeans £22,913,990. It had to be secured.

227 Comments on the E.I. Company's Bill, *Alexandes's East India Magazine,* Vol. 6, pp. 209–18.

228 A letter from a spinner (Santipore) to the Editor, the *Samachar Darpan,* 3 January 1823 (22 Paus 1234).

229 Dr Wallich to Bentinck, 4 January 1834, Bentinck Papers, op. cit.

230 G.A. Prinsep, *Account of Steam Vessels in India* (Calcutta, 1830). The *Diana,* the first steam vessel built in Calcutta, left Kyd's Yard in 1823. Bentinck was an enthusiastic supporter. See C.H. Philips (*ed.*), *The Correspondence of Lord William Cavendish Bentinck,* op. cit., Introduction; Bentinck's Minute on Steam navigation, 16 August 1830, 12 June 1832, *ibid.*, Vols. 1 and 2 respectively.

231 H.T. Prinsep's note, 31 July 1828; cf. R.C. Dutt, *The Economic History of India under Early British Rule,* p. 311.

232 Charles Trevelyan submitted his first Report on the 'Obstructions that exist from our present system of Custom House Chokees to the navigation of the Jumna and the Ganga', as early as 1 September 1832. See Bengal Separate Consultations, 6 November 1832, nos. 5 and 9.

233 It was founded in 1829. *Samachar Darpan,* 22 August 1829 (7 Bhadra 1236).

234 Bengal Fin. Consult., 19 May 1834. Mr Geoffrey W. Tyson in his centenary survey of *The Bengal Chamber of Commerce and Industry 1853–1953* (Calcutta, 1952) calls it the Calcutta Chamber of Commerce, though he admits that there is 'no absolutely indisputable proof that the parent body (of the Bengal Chamber of Commerce which he thinks was established in 1853) was brought into being as the Calcutta Chamber. . .' (p. 12). But the Financial Consultation, which discussed the newly founded Chamber's petition, refers to it as the Bengal Chamber of Commerce.

235 Blair B. Kling, 'The Origin of the Managing Agency System in India', *The Journal of Asian Studies,* XXVI, no. 1 (Nov. 1966), pp. 37–47; also Kling, 'Economic Foundations of the Bengal Renaissance' in Rachel Baumer (*ed.*), *Aspects of Bengali History and Society* (1976).

236 Dwarkanath Tagore to Bentinck, 20 August 1834, Bentinck Papers, op. cit.

237 *The East India Gazetteer,* 1828, 1, p. 319. George Campbell, *Modern India* (London, 1852), p. 204.

238 R.S. Rungta, *The Rise of Business Corporations in India 1851–1900* (Cambridge), pp. 19–25, 274.

239 See Remarks of Rammohun Roy on Settlement in India by Europeans, 14 July 1832, App. V, S.C.H.C., 1832, no. 76.

240 B. Semnel, *The Rise of Free Trade, Imperialism* (Cambridge, 1970), p. 18.

## *6 SOME CONCLUSIONS*

1 Report, S.C.H.C., 1832.

2 PROPORTION OF PRIVATE BRITISH AND FOREIGN TRADE IN 1832

| | | Value (S.R.) |
|---|---|---|
| IMPORTS | British | 2,27,18,512 |
| | Foreign | 16,70,264 |
| EXPORTS | British | 3,52,05,734 |
| | Foreign | 76,65,306 |

*Bengal Commercial Reports* 1832–3.

3 See Appendix, Chart 63.

4 See Appendix, Chart 64.

5 Morris D. Morris, however, holds that the Indian handloom industry survived for the greater part of the century with the help of cheap British yarn. It became a prey to the Indian cotton mills which began to thrive from the 1860s. See 'Towards a Reinterpretation of Nineteenth Century Indian Economic History', *Journal of Economic History*, XXIII (December 1963), no. 4; and *The Emergence of an Industrial Labour Force in India: A Study of the Bombay Cotton Mills 1854–1941* (1965).

6 G.E. Hubbard, *Eastern Industrialization and its Effects on the West* (1938), p. 251.

7 For discussion of 'drain', see Dadabhai Naoroji, *Poverty and Un-British Rule in India* (new edition, New Delhi, 1963); R. C. Dutt, *The Economic History of India in the Victorian Age* (London, 1906), p. xiv; C.J. Hamilton, *The Trade Relations between England and India, 1660–1896* (Calcutta, 1919), pp. 135–48; Holden Furber, *John Company at Work* (Cambridge, Mass., 1951), pp. 305–12; N.K. Sinha, 'Drain of Wealth from Bengal in the Second Half of the Eighteenth Century', *Economic History of Bengal*, Vol. 1, pp. 210–22; K.N. Chaudhuri, 'India's International Economy in the Nineteenth Century: A Historical Study', *Modern Asian Studies* 2 (1968), pp. 31–50; P.J. Marshall, *East Indian Fortunes*, op. cit., pp. 262 ff.

8 See author's *Evolution of American Historiography 1870–1910* (Calcutta), for the context of Brooks Adams's attacks on the British empire. Many Marxist authors, including E.G. Hobsbawm, still subscribe to it.

9 Sir Theodore Morrison in *The Economic Transition in India* has warned us against equating the 'drain' with excess of exports over imports. The invisible exports of Britain, like banking, shipping and insurance services, have to be considered. He admitted that only the payment of Home Charges could be probably called a drain, if at all. *The Economic Transition in India* (London, 1911), chap. 8.

10 Dr J.C. Sinha in his *Economic Annals of Bengal*, p. 52, calculates 'drain' between 1757 and 1780 as £38,400,000. Eur. MSS. D. 281, p. 34 calculates drain during 1767–91 as £35,433,484 by way of trade and £250,000 per year to subordinate presidencies. Sir P. J.

Griffiths calculates drain between 1780 and 1813 as £30,000,000, or less then £1 million per year, but does not provide us with the basis of his calculation (*The British Impact on India,* p. 400). Even Holden Furber's calculation of 'drain' during 1783–92, about £1,800,000 per annum, is not complete. P.J. Marshall calculates an average annual private remittance of £500,000 after 1757, part of which cannot be included in any 'drain', since it was spent on civil and military expenses in Bengal.

11 Eur. MSS. D. 72, p. 120.

12 See Chapter 3.

13 See Chapter 5.

14 Board of Trade Progs., 12 June, 1787.

15 The position of Indian shipping was not bad in the seventeenth sentury. See A. Jan Quaisar, 'Shipbuilding in the Mughal Empire during the Seventeenth Century', *I.E.S.H.R.* (1968). Most of the ships were built on the west coast with Malabar teak. In the early eighteenth century ships began to be built with Burma teak. At the end of the eighteenth century Bengal owners were building at the Calcutta dock. On the Calcutta fleet, see P.J. Marshall, *East Indian Fortunes,* op. cit., chap. 3, pp. 51 ff.; S. Chaudhuri, 'The Rise and Decline of Hugli', *Bengal Past and Present,* LXXXVI (1957); Om Prakash, 'European Trading Companies and the Merchants of Bengal', *I.E.S.H.R.*, Vol. I (1963–4) ; A. Dasgupta in 'Trade and Politics in Eighteenth Century India', D.S. Richards (*ed.*), *Islam and the Trade of Asia* (Oxford, 1970), argues that the decline of indigenous shipping throughout India owed more to political conditions than to the effectiveness of the Europeans. P. J. Marshall disagrees.

16 There has recently been a spate of writing on the potentialities of change in the economy of Mughal India, which is supposed to have been destroyed or distorted by British colonial rule. See Irfan Habib, 'Potentialities of Capitalistic Development in the Economy of Mughal India. An Enquiry', *Journal of Economic History,* 29, April 1969, revised in 'Potentialities of Change in the Economy of Mughal India'. In his view, 'Capital was by and large merchant capital, and though the economy was fairly highly monetized, domestic industry still predominated.' The entire commercial structure was largely parasitical, dependent upon a system of direct agrarian exploitation by a small ruling class. Practically no rural market existed for urban crafts. Rural monetization was thus almost entirely the result of the need to transfer surplus agricultural produce to the towns. Denied, during the eighteenth century, the large market that it had been provided with by the Mughal Empire, merchant capital had no choice but to atrophy. For a more optimistic view, See K. N. Chaudhuri, 'Markets and Traders in India during the Seventeenth and Eighteenth Centuries', K. N. Chaudhuri and C. J. Dewey (*ed.*), *Economy and Society* (Delhi: OUP, 1979).

17 Regulation VIII of 1793 aimed at giving security by providing that those who had held land for 12 years or more were not to pay

higher rent than they had so far paid and that *pattahs* were to be granted to self-cultivating and resident (*khud kast*) farmers. This was confirmed by Regulation VIII of 1819 which further strengthened the position of *khud kast* ryots against dispossession and enhancement of rent except under special circumstances. The *pattahs* were neither claimed nor given. The peasants did not want adjustment of rents on definite terms as they were unwilling to relinquish the future gain from vague tenures. The landlords were willing to take advantage of the same through their powers of distraint and eviction. Though imposition of *abwabs* or illegal taxes was not authorized by the government, a few leading ryots, gained by indulgences, easily led the multitude. The undertenants, who had to pay excessive rents in kind, suffered most. See Colebrooke, op. cit., pp. 48–64. See also Collector of Nadia to Board of Revenue, 9 August 1792.

18 The question of over-assessment is debatable. See controversies between Sir John Shore and James Grant in Firminger's *Fifth Report;* Asooli, *Early Revenue History of Bengal,* and N.K. Sinha, *Economic History of Bengal,* Vol. 2. Mismanagement, extravagance and even deliberate defalcation to purchase the same land in another's name played their part. The zamindars tried in this way to persuade the government to abolish revenue sale. Lack of cheap credit worked on the universalization of money. Scarcity of specie during the greater part of the period under review caused real hardship.

19 It is striking how during Wellesley's Mysore War and Hastings's Maratha Wars revenue sales realized far less than during the years of peace which followed. Wars made public securities more attractive. See G.G. in C. to Court (Revenue), 23 September 1798, Court to G.G. in C. (Revenue), 21 March 1821, G.G. in C. to Court (Revenue), 1 August 1822, and G. G. in C. to Court (Revenue), 30 July 1823.

20 'Of the increrased value of estates, the increase of cultivation is not the only possible cause. The sacrifice of all the rights of the ryots may possibly be another . . .' Court to G.G. in C. (Revenue), 21 March 1821.

21 Dr Buchanan Hamilton refers to the combination of landlords and bigger farmers in fleecing the peasantry: 'A clamour however, as usual, has gone abroad against the wealthy farmers, who are considered as mere flayers of the poor, and no people private join more earnestly in the cry than the landlords. In public, however, they court the wealthy farmers, and it is alleged often purchase their assistance to enable them to fleece the poor tenantry'. He refers to numerous perquisites and exactions and particularly to the rate of interest charged on advances to the ryots: 'He (the ryot) receives the rice, that is necessary for seed, or for his maintenance, at the high rate, which prevails for six months before harvest, and he must pay it back at the low rate, which is put upon it, when the

market is glutted by every necessitous creature bringing his corn for sale.' Eur. MSS. D. 71, pp. 212–6.

22 The introduction of the agency system by Cornwallis had deprived the native traders of the Company's contracts but this loss was more nominal than real.

23 Proceedings, Board of Trade, Vol. 84, no. 7, 26 January 1790.

24 *Ibid.*, Vol. 116, no. 30, 20 May 1795.

25 *Dustoorie* (commission) taken from weavers of the Luckipore Residency amounted in 1815 to S.R. 4,501. See Proceedings, Bengal Board of Trade, 31 January 1817.

26 See Appendix, Chart 65.

27 See Appendix, Chart 66.

28 Rs 87.8 *as.* was given to the *molunghees* of 24 Parganas. See Sep. Consult., 11 December 1832, no. 15A.

29 Proceedings, Bengal Board of Trade, 23 September 1814.

30 See Appendix, Chart 67.

31 See Appendix, Chart 68.

32 R. Montgomery Martin, *History of the Possessions of the Honourable East India Company* (1837), Vol. I, pp. 250–1. Colebrooke estimates the population in 1804 at 27 millions. Colebrooke, op. cit., pp. 14–5.

33 App. 42, Report, S.C.H.C., 1831. An estimate in 1824 puts it as 3,99,57,461. *Alexander's East India Magazine*, Vol. 1, p. 227. Calcutta had a population of 2,65,000 which rose to 3,00,000 by 1828. *E.I. Gazetteer*, 1, 1828. An estimate of the police magistrates in 1802 show a population of 2,225,000 in Calcutta and suburbs within a circuit of twenty miles. *Census of India 1961; Report of the population estimates of India (1820–30)* puts Calcutta population in 1821 at 1,79,917 with another 100,000 of commuters. W. Birch, Police Superintendent, calculated a population of 2,29,714 in 1837, excluding commuters and residents of suburbs.

# Appendix

## *Charts*

### 1 DETAILS OF PRIVATE TRADE 1795–7

*Calcutta–Copenhagen*

| Years | Imports S.R. | Exports S.R. |
|---|---|---|
| 1795–6 | 7,70,136 | 8,13,832 |
| 1796–7 | 5,14,936 | 17,73,511 |
| 1797–8 | 85,303 | 3,56,572 |

*Calcutta–Lisbon*

| Years | Imports S.R. | Exports S.R. |
|---|---|---|
| 1795–6 | 10,24,943 | 21,81,371 |
| 1796–7 | 5,18,025 | 7,10,926 |
| 1797–8 | 6,94,320 | 12,85,595 |

*Calcutta–Hamburg*

| Years | Imports S.R. | Exports S.R. |
|---|---|---|
| 1795–6 | 6,57,431 | 17,37,342 |
| 1796–7 | 15,801 | 6,19,973 |
| 1797–8 | 1,66,411 | 2,15,968 |

*Calcutta–U.S.A.*

| Years | Imports S.R. | Exports S.R. |
|---|---|---|
| 1795–6 | 8,43,118 | 19,49,319 |
| 1796–7 | 15,49,773 | 25,60,267 |
| 1797–8 | 10,40,108 | 20,25,602 |

*Calcutta–London*

| Years | Imports S.R. | Exports S.R. |
|---|---|---|
| 1795–6 | 22,73,161 | 84,08,800 |
| 1796–7 | 17,83,002 | 50,79,310 |
| 1797–8 | 15,34,219 | 69,71,529 |

*Bengal Commercial Reports.* 1795–1801.

### 2 DETAILS OF PRIVATE TRADE 1798–1800

*Calcutta–U.S.A.*

| Years | Imports S.R. | Exports S.R. |
|---|---|---|
| 1798–99 | 13,40,572 | 11,89,542 |
| 1799–1800 | 35,24,614 | 37,87,937 |
| 1800–1801 | 49,75,700 | 61,06,700 |

*Calcutta–Lisbon*

| | | |
|---|---|---|
| 1798–99 | 2,04,182 | 4,40,880 |
| 1799–1800 | 46,56,391 | 33,44,435 |
| 1800–1801 | 9,69,319 | 20,57,936 |

*Calcutta–Copenhagen**

| | | |
|---|---|---|
| 1798–99 | 6,15,052 | 1,11,087 |
| 1799–1800 | 10,16,474 | 9,56,145 |
| 1800–1801 | 10,22,520 | 7,14,825 |

*Most of the trade with Copenhagen was, however, done through Serampore which is not included in the official records.

*Calcutta–Hamburg*

| | | |
|---|---|---|
| 1798–99 | 2,18,943 | 5,91,173 |
| 1799–1800 | 72,333 | 61,582 |

*Calcutta–London*

| | | |
|---|---|---|
| 1798–99 | 17,43,314 | 41,07,834 |
| 1799–1800 | 47,37,462 | 67,91,406 |
| 1800–1801 | 44,72,669 | 84,87,336 |

*Calcutta–Malabar*

| | | |
|---|---|---|
| 1796–97 to 1798–99 (average) | 2,73,082 | 8,87,898 |
| 1799–1800 | 3,06,084 | 26,29,856 |
| 1800–1801 | 31,564 | 14,08,175 |

*Calcutta–Coromandel*

| | | |
|---|---|---|
| 1796–97 to 1798–99 (average) | 6,24,615 | 14,22,364 |
| 1799–1800 | 8,24,162 | 27,66,697 |
| 1800–1801 | 8,22,546 | 24,80,351 |

*Bengal Commercial Reports*, 1795–1801.

## 3 DETAILS OF PRIVATE COUNTRY TRADE 1796–1801

*Calcutta–China*

| Years | Imports S.R. | Exports S.R. |
|---|---|---|
| 1796–7 to 1798–9 (average) | 8,90,705 | 6,46,840 |
| 1799–1800 | 15,79,784 | 14,70,525 |
| 1800–1801 | 29,39,951 | 24,30,008 |
| 1801–1802 | 20,77,062 | 14,73,108 |

*Calcutta–Penang and Eastward*

| | | |
|---|---|---|
| 1796–7 to 1793 (average) | 8,04,726 | 9,10,430 |
| 1799–1800 | 12,35,625 | 22,06,227 |
| 1800–1801 | 22,48,188 | 25,70,640 |
| 1801–1802 | 23,83,626 | 21,71,382 |

*Calcutta–Pegu*

| | | |
|---|---|---|
| 1796–7 to 1798–9 (average) | 2,09,058 | 6,62,283 |

*Calcutta–Gulfs*

| | | |
|---|---|---|
| 1796–7 to 1798–9 (average) | 6,89,827 | 7,71,281 |
| 1799–1800 | ... | 4,35,593 |
| 1800–1801 | 6,10,493 | 4,06,031 |
| 1801–1802 | 8,74,372 | 13,31,257 |

*Bengal Commercial Reports*, 1795–1801

## 4 PRIVATE TRADE 1796–1801

*Calcutta–London*

| Years | Imports | |
|---|---|---|
| | Merchandise S.R. | Treasure S.R. |
| 1796–7 to 1798–9 | 37,51,054 | 13,09,481 |
| 1799–1800 to 1801–2 | 1,09,32,610 | 23,34,536 |

*Calcutta–World*

| | | |
|---|---|---|
| 1796–7 to 1798–9 | 1,53,77,166 | 90,23,386 |
| 1799–1800 to 1801–2 | 2,95,62,017 | 2,52,69,177 |

*Bengal Commercial Reports* 1795–1801

## 5 PRIVATE EXPORTS FROM CALCUTTA 1795–6, 1801–2

| | 1795-6 | | 1801-2 | |
|---|---|---|---|---|
| Articles | World S.R. | U.K. S.R. | World S.R. | U.K. S.R. |
| Indigo | 62,51,424 | 61,44,180 | 38,48,139 | 37,71,407 |
| Grain | 9,11,365 | ... | 22,59,618 | 7,52,852 |
| Sugar | 8,20,186 | 3,05,050 | 12,01,798 | 2,17,899 |
| Silk | 5,81,183 | ... | 13,65,882 | 1,70,906 |
| Piece-goods | 94,83,284 | 14,91,410 | 1,65,91,309 | 66,68,290 |
| Opium | 13,08,360 | ... | 27,51,915 | ... |

*Bengal Commercial Reports*, 1795–1801.

## 6 SALE VALUE OF PRIVILEGE AND PRIVATE TRADE 1794–1801

| | £ |
|---|---|
| 1794 | 623,639 |
| 1795 | 843,747 |
| 1796 | 868,328 |
| 1797 | 953,561 |
| 1798 | 939,907 |
| 1799 | 1,329,723 |
| 1800 | 2,117,947 |
| 1801 | 2,113,391 |

Apps. 45 and 46, *Fourth Report* (1812).

## 7 BILLS DRAWN FROM BENGAL ON SUBSCRIPTION PLAN, 1798–1801

| Years | Amount C.R. |
|---|---|
| 1798–9 | 9,45,998 |
| 1799–1800 | 12,81,658 |
| 1800–1 | 7,53,897 |
| 1801–2 | 13,03,427 |

## BENGAL INVESTMENT INCLUDING CHINA SUPPLIES 1798–1801

| Years | Amount C.R. |
|---|---|
| 1798–9 | 87,76,848 |
| 1799–1800 | 1,19,77,640 |
| 1800–1 | 89,76,910 |
| 1801–2 | 73,96,514 |

## 8 PRIVATE TRADE 1802–5

*Calcutta–China*

| Years | Imports S.R. | Exports S.R. |
|---|---|---|
| 1802–3 | 29,56,439 | 38,64,547 |
| 1803–4 | 31,32,476 | 52,72,316 |
| 1804–5 | 61,16,945 | 67,87,441 |
| 1805–6 | 33,10,409 | 70,79,641 |

*Calcutta–Penang*

| Years | Imports S.R. | Exports S.R. |
|---|---|---|
| 1802–3 | 16,78,382 | 33,31,968 |
| 1803–4 | 12,73,454 | 19,78,098 |
| 1804–5 | 16,06,633 | 23,66,409 |
| 1805–6 | 27,90,608 | 34,80,416 |

*Calcutta–Sumatra*

| | | |
|---|---|---|
| 1802–3 | 5,19,790 | 3,44,468 |
| 1803–4 | 3,55,763 | 6,60,681 |
| 1804–5 | 1,49,587 | 4,23,725 |
| 1805–6 | 7,26,075 | 4,93,401 |

*Bengal Commercial Reports*, 1802–5

## 9 PRIVATE TRADE 1802–5

*Calcutta–London*

| Years | Imports S.R. | Exports S.R. |
|---|---|---|
| 1802–3 | 48,54,070 | 1,11,45,262 |
| 1803–4 | 40,41,001 | 1,08,15,545 |
| 1804–5 | 37,32,165 | 89,16,168 |
| 1805–6 | 44,97,877 | 60,99,065 |

*Ibid.*

## 10 PRIVATE TRADE 1802–5

*Calcutta–U.S.A.*

| | | |
|---|---|---|
| 1802–3 | 51,56,031 | 48,62,147 |
| 1803–4 | 45,12,640 | 67,60,058 |
| 1804–5 | 39,23,317 | 33,40,593 |
| 1805–6 | 67,67,910 | 62,78,055 |

*Calcutta–Lisbon*

| | | |
|---|---|---|
| 1802–3 | 15,66,744 | 26,59,588 |
| 1803–4 | 22,95,891 | 24,66.343 |
| 1804–5 | 15,33,055 | 25,59,338 |
| 1805–6 | 22,43,119 | 15,96,343 |

*Calcutta–Copenhagen*

| | | |
|---|---|---|
| 1802–3 | 5,72,041 | 2,61,009 |
| 1803–4 | 3,86,867 | 5,04,619 |
| 1804–5 | 5,51,992 | 12,36,964 |
| 1805–6 | 7,96,481 | 6,51,308 |

*Ibid.*

## 11 PRIVATE TRADE 1802–5

*Calcutta–Coromandel*

| Years | Imports S.R. | Exports S.R. |
|---|---|---|
| 1802–3 | 11,59,732 | 36,62,938 |
| 1803–4 | 9,60,657 | 25,74,156 |
| 1804–4 | 6,57,311 | 25,29,672 |
| 1805–6 | 9,26,922 | 24,10,253 |

*Calcutta–Malabar*

| | | |
|---|---|---|
| 1802–3 | 10,75,075 | 36,30,652 |
| 1803–4 | 5,28,035 | 31,87,854 |
| 1804–5 | 3,53,594 | 57,93,196 |
| 1805–6 | 1,79,413 | 53,60,781 |

*Calcutta–Gulfs*

| | | |
|---|---|---|
| 1802–3 | 12,60,390 | 12,13,304 |
| 1803–4 | 7,88,334 | 10,68,634 |
| 1804–5 | 9,36,431 | 13,94,275 |
| 1805–6 | 11,68,912 | 21,85,287 |

*Ibid.*

## 12 PRIVATE EXPORT OF COMMODITIES TO LONDON, 1801–5

| Years | Piece-goods | Raw silk | Indigo | Sugar |
|---|---|---|---|---|
| | S.R. | S.R. | S.R. | S.R. |
| 1801–2 | 66,68,290 | 1,70,906 | 37,71,407 | 2,17,899 |
| 1802–3 | 64,70,203 | 2,95,050 | 27,79,100 | 2,30,727 |
| 1803–4 | 48,72,016 | 9,56,444 | 42,29,921 | 672 |
| 1804–5 | 12,28,637 | 12,23,363 | 60,28,524 | 116 |
| 1805–6 | 3,31,582 | 7,87,106 | 45,23,124 | 54,487 |

*Bengal Commercial Reports*, 1795–1801 and 1802–1805.

## 13 PRIVATE TRADE 1806–9

*Calcutta–London*

| Years | Imports | Exports |
|---|---|---|
| | S.R. | S.R. |
| 1806–7 | 64,81,421 | 90,34,869 |
| 1807–8 | 39,31,929 | 84,25,199 |
| 1808–9 | 36,88,629 | 72,83,021 |
| 1809–10 | 36,58,895 | 80,28,920 |

*Bengal Commercial Reports*, 1806–1809.

## 14 PRIVATE TRADE 1805–9

*Calcutta–Copenhagen*

| Years | Imports | Exports |
|---|---|---|
| | S.R. | S.R. |
| 1805–6 | 7,96,481 | 6,51,308 |
| 1806–7 | 2,42,777 | 4,78,153 |
| 1807–8 | 6,64,887 | 4,76,999 |
| 1808–9 | 1,23,991 | ... |
| 1809–10 | ... | ... |

| | *Calcutta–Lisbon* | | *Calcutta–Manila* | |
|---|---|---|---|---|
| 'ears | Imports | Exports | Imports | Exports |
| | S.R. | S.R. | S.R. | S.R. |
| 1805–6 | 22,43,119 | 13,96,343 | 3,06,915 | 9,84,956 |
| 1806–7 | 22,09,621 | 13,94,867 | ... | 4,25,207 |
| 1807–8 | 22,06,339 | 21,28,688 | ... | ... |
| 1808–9 | ... | ... | *2,05,596 | 12,72,615 |
| 1809–10 | ... | ... | 21,58,627 | 6,99,323 |

*Calcutta–Brazil*

| Year | Imports | Exports |
|---|---|---|
| | S.R. | S.R. |
| 1809–10 | 10,21,400 | 8,37,100 |

*Calcutta–U.S.A.*

| Years | Imports | Exports |
|---|---|---|
| | S.R. | S.R. |
| 1805–6 | 67,67,910 | 62,78,055 |
| 1806–7 | 1,09,92,970 | 90,27,472 |
| 1807–8 | 58,29,063 | 71,13,281 |
| 1808–9 | ... | 5,71,218 |
| 1809–10 | 69,92,565 | 68,02,489 |

*Bengal Commercial Reports*, 1805–9

## 15 PRIVATE TRADE 1806–8

*Calcutta–China*

| Years | Imports | Exports |
|---|---|---|
| | S.R. | S.R. |
| 1806–7 | 38,40,209 | 47,10,513 |
| 1807–8 | 51,57,950 | 69,43,049 |
| 1808–9 | 57,85,467 | 69,85,626 |

*Calcutta–Penang*

| | | |
|---|---|---|
| 1806–7 | 32,26,686 | 17,34,394 |
| 1807–8 | 21,31,999 | 24,54,308 |
| 1808–9 | 29,25,184 | 24,88,012 |

*Calcutta–Malabar*

| | | |
|---|---|---|
| 1805–6 | 1,79,413 | 53,60,781 |
| 1806–7 | 3,04,718 | 50,18,260 |
| 1807–8 | 1,81,778 | 38,00,520 |
| 1808–9 | 12,93,175 | 43,04,785 |

*Calcutta–Coromandel*

| | | |
|---|---|---|
| 1805–6 | 9,26,922 | 24,10,253 |
| 1806–7 | 12,46,357 | 44,50,872 |
| 1807–8 | 16,27,466 | 41,42,420 |
| 1808–9 | 6,83,760 | 13,01,984 |

*Calcutta–Gulfs*

| | | |
|---|---|---|
| 1805–6 | 11,68,912 | 21,85,287 |
| 1806–7 | 17,97,049 | 34,38,320 |
| 1807–8 | 18,61,494 | 28,34,410 |
| 1808–9 | 6,62,637 | 20,69,325 |

*Bengal Commercial Reports*, 1805–8.

## 16 SUPPLIES TO AND FROM INDIA

| Supplies to India 1792–1808 | £ | Supplies from India 1792–1808 | £ |
|---|---|---|---|
| Invoice value of goods and stores, bullion, bills of exchange, etc. | 34,054,380 | Investment | 25,407,099 |
| Home charges | 6,193,049 | Sundry advances for bills repayable in England | 2,329,236 |
| Disbursements of H.M. Paymasters | | Commercial charges not added to invoice | 2,916,279 |
| General | 3,560,912 | Net supply to Canton | 3,313,654 |
| | | Advances and charges in India paid by H.M.G. | 8,212,372 |
| | 43,808,341 | | 42,178,640 |

The *Fourth Report* puts Indian investment at £26,038,266 and net supplies to Canton at £2,877,161.
Apps. 3, 4, 8, 15 and 46. *Third Report* (1811).

## 17 EXTRAORDINARY RECEIPTS IN INDIA DURING 1792–1808

| | £ |
|---|---|
| Goods, Bullion bills, etc. | 31,404,230 |
| Loans | 20,905,194 |
| | 52,309,424 |
| Extraordinary disbursements : | 43,794,623 |
| Surplus | 8,514,801 |
| After adjustments | 8,298,666 |

## 18 DISTRIBUTION OF RETURNS FROM INDIA AND CHINA

| | £ |
|---|---|
| Purchase of the produce and manufacture of England | 29,200,000 |
| Employment of shipping | 25,000,000 |
| Payment of bills of exchange | 24,500,000 |
| Purchase of bullion, the import of which may be supposed to have been in payment of British exports | 9,400,000 |
| Disbursement of home charges | 11,600,000 |
| Dividends and interest on bonds | 12,500,000 |
| Sale of private goods and privilege goods | 33,800,000 |
| Duties on imports and exports | 39,960,000 |
| | 1,85,960,000 |

*Fourth Report* (1812).

## 19 BENGAL RECEIPTS AND DISBURSEMENTS

| Bengal receipts | | Bengal disbursements | £ |
|---|---|---|---|
| Surplus revenues | 29,315,979 | Investment | 16,405,816 |
| Sale value of goods from England | 3,602,340 | Commercial charges not added to invoice | 1,625,072 |
| Bullion | 5,322,124 | Net supplies to Madras | 14,385,665 |
| Bills | 8,129,125 | Net supplies to Bombay | 13,467,506 |
| Sundry | 307,062 | | |
| | 46,676,630 | | 45,884,059 |

Apps. 3, 4, 5, 8 and 12, *Third Report* (1811).

## 20 PRIVATE TRADE 1810–12

*Calcutta–London*

| Years | Imports S.R. | Exports S.R. |
|---|---|---|
| 1810–1 | 38,67,224 | 70,87,766 |
| 1811–2 | 39,44,247 | 85,12,791 |
| 1812–3 | 49,50,945 | 72,96,970 |

| | *Calcutta–Copenhagen* | | *Calcutta–Brazil* | |
|---|---|---|---|---|
| Years | Imports S R. | Exports S.R. | Imports S.R. | Exports S.R. |
| 1810–1 | 13,464 | | 18,94,185 | 14,62,230 |
| 1811–2 | | | 14,98,203 | 29,31,815 |
| 1812–3 | | | 22,76,850 | 39,48,552 |
| | *Calcutta–U.S.A.* | | *Calcutta–Manila* | |
| 1810–1 | 67,71,894 | 68,36,365 | 29,69,942 | 12,70,541 |
| 1811–2 | 5,85,434 | 15,95,374 | 3,27,450 | 8,73,481 |
| 1812–3 | 6,17,391 | 10,94,609 | 1,72,432 | 3,19,776 |
| | *Calcutta–Mauritius* | | *Calcutta–Java and Malacca* | |
| 1810–1 | 1,34,688 | 5,72,807 | 19,885 | 4,34,656 |
| 1811–2 | 3,37,715 | 14,51,280 | 3,45,451 | 10,73,485 |
| 1812–3 | 8,79,934 | 15,03,232 | *5,88,964 | 8,57,436 |

*Only with Java.

*Bengal Commercial Reports*, 1810–12.

## 21 PRIVATE TRADE 1809–12

| | *Calcutta–China* | | *Calcutta–Penang* | |
|---|---|---|---|---|
| Years | Imports S.R. | Exports S.R. | Imports S.R. | Rxports S.R. |
| 1809–10 | 83,17,183 | 66,13,639 | 17,12,498 | 21,66,552 |
| 1810–1 | 65,83,956 | 73,72,295 | 32,64,297 | 25,34,351 |
| 1811–2 | 48,01,149 | 62,22,009 | 20,97,239 | 25,28,183 |
| 1812–3 | 54,60,195 | 46,91,931 | 15,39,992 | 19,89,853 |

| | *Calcutta–Sumatra* | | *Calcutta–Coromandel* | |
|---|---|---|---|---|
| 1809–10 | 50,400 | 4,03,464 | 8,15,753 | 16,14,260 |
| 1810–1 | 6,35,884 | 3,27,614 | 10,00,463 | 11,23,456 |
| 1811–2 | 3,34,385 | 11,58,624 | 9,78,191 | 17,16,698 |
| 1812–3 | 3,56,321 | 4,98,969 | 10,90,668 | 15,34,459 |

| | *Calcutta–Malabar* | | *Calcutta–Gulfs* | |
|---|---|---|---|---|
| Years | Imports | Exports | Imports | Exports |
| | S.R. | S.R. | S.R. | S.R. |
| 1809–10 | 1,94,971 | 29,40,231 | 18,72,791 | 21,66,552 |
| 1810–1 | 3,91,565 | 22,38,699 | 9,40,010 | 21,90,208 |
| 1811–2 | 5,72,695 | 21,32,370 | 14,39,571 | 31,78,579 |
| 1812–3 | 9,05,794 | 39,68,498 | 13,00,776 | 32,13,894 |

*Bengal Commercial Reports*, 1809–1812.

## 22 COMMODITIES EXPORTED TO INDIA IN 1792–1811

| | Value in 1792 | Value in 1811 |
|---|---|---|
| | £ | £ |
| Woollens | 110,524 | 277,196 |
| Copper wrought | 136,175 | 240,636 |
| Tin plates and tin ware | 2,710 | 10,226 |
| Iron cast and wrought | 34,660 | 177,002 |
| Iron bar | 945 | 84,026 |
| Lead | 12,038 | 70,310 |
| Cotton manufacture | 165 | 107,306 |
| Glass and earthenware | 26,584 | 118,172 |

Report of the Inspector General of Imports and Exports, 11 May 1813.

## 23 PRIVATE TRADE : CALCUTTA–U.S.A., 1810–13

| Years | Imports | Exports |
|---|---|---|
| | S.R. | S.R. |
| 1810–1 | 67,71,894 | 68,36,365 |
| 1811–2 | 5,85,434 | 15,95,374 |
| 1812–3 | 6,17,391 | 10,94,609 |

## 24 PRIVATE TRADE, 1807–8 AND 1812–13

| | *Calcutta–London* | | *Calcutta–U.S.A.* | |
|---|---|---|---|---|
| Years | Imports % | Exports % | Imports % | Exports % |
| 1807–8 | $15\frac{15}{16}$ | $21\frac{5}{16}$ | $23\frac{10}{16}$ | 18 |
| 1812–3 | $23\frac{4}{16}$ | $23\frac{1}{16}$ | $2\frac{14}{16}$ | $3\frac{7}{16}$ |

| | *Calcutta–Lisbon* (from 1810 with Brazil) | | *Calcutta–China* | |
|---|---|---|---|---|
| 1807-8 | 8 15/16 | 5 6/16 | 20 14/16 | 17 9/16 |
| 1812-3 | 10 11/16 | 12 8/16 | 25 10/16 | 14 13/16 |

*Bengal Commercial Reports*, 1807–12.

## 25 INTERNAL TRADE OF BENGAL, 1807–12

| Years | Imports into Calcutta | Exports from Calcutta |
|---|---|---|
| | S.R. | S.R. |
| 1807 | 3,44,57,576 | 54,96,207 |
| 1812 | 2,79,12,927 | 72,12,547 |

*Bengal Commercial Reports*, 1807–12.

## 26 CALCUTTA–WORLD TRADE, 1813

### (CUSTOMS HOUSE)

| Years | *The Company* | | | | *Private Trade* | | | |
|---|---|---|---|---|---|---|---|---|
| | Imports | | Exports | | Imports | | Exports | |
| | Merchandise | Treasure | Merchandise | Treasure | Merchandise | Treasure | Merchandise | Treasure |
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| 1813–4 | 43,76,589 | — | 1,09,10,631 | — | 1,25,34,728 | 57,55,366 | 3,54,97,688 | 42,750 |
| | | | *Calcutta–U.K.* | | | | | |
| 1813–4 | 32,12,346 | — | 99,49,193 | — | 53,76,775 | 32,750 | 1,19,63,405 | — |

| Years | *Calcutta–Lisbon* | | *Calcutta–China* | | *Calcutta–Coromandel* | |
|---|---|---|---|---|---|---|
| | Imports | Exports | Imports | Exports | Imports | Exports |
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| 1813–4 | 1,69,911 | 5,70,439 | 53,35,068 | 92,86,494 | 7,85,223 | 21,73,169 |

| Years | *Calcutta–Mauritius* | |
|---|---|---|
| | Imports | Exports |
| | S.R. | S.R. |
| 1813–4 | 4,30,663 | 8,07,857 |

| Years | *Calcutta–Malabar* | | *Calcutta–Gulfs* | | *Calcutta–Penang* | |
|---|---|---|---|---|---|---|
| | Imports | Exports | Import | Exports | Imports | Exports |
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| 1813–4 | 12,05,544 | 28,27,381 | 11,62,489 | 28,07,953 | 13,26,072 | 21,54,469 |

| | *Calcutta–Manila* | | *Calcutta–Brazil* | | *Calcutta–Sumatra* | |
|---|---|---|---|---|---|---|
| | Imports | Exports | Imports | Exports | Imports | Exports |
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| 1813–4 | 2,40,429 | 8,587 | 1,57,971 | 3,31,171 | 6,65,109 | 4,25,148 |

*Bengal Commercial Reports*, 1813–14

## 27 CALCUTTA–WORLD TRADE, 1814-16

### (CUSTOMS HOUSE)

| | *The Company* | | | *Private Trade* | | |
|---|---|---|---|---|---|---|
| Years | Merchandise | Treasure | Total | Merchandise | Treasure | Total |
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| **Imports** | | | | | | |
| 1814–5 | 41,45,339 | — | 41,45,339 | 1,17,96,802 | 1,11,84,285 | 2,29,81,087 |
| 1815–6 | 34,83,797 | — | 34,83,797 | 1,32,45,798 | 1,94,49,746 | 3,26,95,544 |
| 1816–7 | 19,77,071 | 87,53,178 | 1,07,30,249 | 1,87,96,053 | 3,25,82,140 | 5,13,78,193 |
| **Exports** | | | | | | |
| 1814–5 | 64,82,151 | — | 64,82,151 | 4,08,02,727 | 1,54,625 | 4,10,17,352 |
| 1815–6 | 64,22,719 | — | 64,22,719 | 4,99,72,366 | 15,750 | 4,99,88,116 |
| 1816–7 | 61,97,223 | — | 61,97,223 | 5,49,87,128 | 1,69,000 | 5,51,56,128 |

*Bengal Commercial Reports*, 1814–15 to 1816–17.
For actual values see H. H. Wilson, op. cit., Tables 1–6.

## 28 CALCUTTA–WORLD TRADE, 1814–16
### (CUSTOMS HOUSE)

*Calcutta–U.K.*

| Y | *The Company* Imports Merchandise | Imports Treasure | Exports Merchandise | Exports Treasure | *Private Trade* Imports Merchandise | Imports Treasure | Exports Merchandise | Exports Treasure |
|---|---|---|---|---|---|---|---|---|
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| 1814–5 | 36,04,633 | — | 59,31,793 | — | 40,99,165 | 5,25,127 | 1,21,42,283 | — |
| 1815–6 | 29,14,327 | — | 55,49,604 | — | 75,52,886 | 11,42,596 | 1,64,44,208 | — |
| 1816–7 | 14,45,568 | 76,99,554 | 56,03,974 | — | 80,51,112 | 18,59,853 | 1,38,06,966 | — |

| | *Calcutta–Lisbon* Imports | Exports | *Calcutta–U.S.* Imports | Exports | *Calcutta–France* Imports | Exports |
|---|---|---|---|---|---|---|
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| 814–5 | 10,55,450 | 17,37,666 | — | — | — | — |
| 815–6 | 36,92,832 | 27,28,922 | 50,16,654 | 44,21,435 | — | — |
| 816–7 | 72,18,179 | 46,34,531 | 62,56,028 | 59,98,251 | 4,12,374 | 8,32,992 |

| | *Calcutta–China* | | *Calcutta–Coromandel* | | *Calcutta–Malabar* | |
|---|---|---|---|---|---|---|
| 814–5 | 69,17,170 | 1,00,33,183 | 6,81,463 | 16,75,413 | 22,03,515 | 45,01,687 |
| 815–6 | 54,33,309 | 90,37,912 | 20,01,910 | 14,27,372 | 8,15,724 | 31,46,361 |
| 816–7 | 1,00,48,381 | 1,06,78,962 | 9,65,886 | 12,50,497 | 11,37,831 | 37,85,203 |

| | *Calcutta–Penang* | | *Calcutta–Gulfs* | | *Calcutta–Java* | |
|---|---|---|---|---|---|---|
| 814–5 | 14,80,610 | 25,18,901 | 15,40,832 | 24,04,422 | 6,29,072 | 10,11,387 |
| 815–6 | 12,74,843 | 21,83,970 | 19,05,847 | 36,06,021 | 8,11,302 | 11,67,464 |
| 816–7 | 12,17,794 | 14,75,600 | 52,30,630 | 44,32,777 | 16,24,316 | 5,40,381 |

| | *Calcutta–Manila* | | *Calcutta–Brazil* | | *Calcutta–Mauritius* | |
|---|---|---|---|---|---|---|
| 814–5 | 3,55,714 | 4,18,827 | 14,08,163 | 10,54,211 | 2,92,814 | 6,08,665 |
| 815–6 | 7,54,559 | 63,110 | 13,28,514 | 16,78,122 | 4,67,705 | 18,41,998 |
| 816–7 | 17,70,072 | 12,50,662 | 25,04,625 | 16,94,951 | 10,07,101 | 20,46,431 |

*Bengal Commercial Reports*, 1814–5 to 1816–7.

## 29 DUTIES ON ARTICLES IMPORTED FROM THE EAST INDIES ESTABLISHED BY THE RESOLUTIONS OF PARLIAMENT ON 18 NOVEMBER 1812

| Article | Warehousing duty | | | | | | Duty payable on home consumption | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Permanent | | | Temporary | | | Permanent | | | Temporary | | |
| | £ | *s.* | *d.* | £ | *s.* | *d.* | £ | *s.* | *d.* | £ | *s.* | *d.* |
| Muslins plain per £100 | 4 | 0 | 0 | 1 | 0 | 0 | 26 | 0 | 0 | 6 | 10 | 0 |
| Plain white calicoes per £100 | 4 | 0 | 0 | 1 | 0 | 0 | 50 | 0 | 0 | 12 | 10 | 0 |
| White calicoes flowered and stitched per £100 | 4 | 0 | 0 | 1 | 0 | 0 | 26 | 0 | 0 | 6 | 10 | 0 |
| Indigo per lb. | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 2 | 0 | 0 | ½ |
| Bengal silk per lb. | 0 | 0 | 4 | 0 | 0 | 1 | 0 | 3 | 0 | 0 | 0 | 9 |
| Sugar per cwt. | 0 | 1 | 0 | 0 | 0 | 3 | 2 | 0 | 0 | | ... | |
| Coffee per cwt. | 0 | 4 | 0 | 0 | 1 | 0 | 1 | 17 | 4 | 0 | 9 | 4 |
| Cotton wool per 100 lb. | | ... | | | ... | | 0 | 8 | 7 | 0 | 8 | 4 |
| Cotton yarn per lb. | | ... | | | ... | | 0 | 0 | 8 | 0 | 0 | 2 |

## 30 INDIGO IMPORTED INTO CALCUTTA FROM THE INTERIOR, 1813–16

| Years | Amount (factory maunds) |
|---|---|
| 1813 | 74,505 |
| 1814 | 108,000 |
| 1815 | 115,000 |
| 1816 | 83,000 |

J. Phipps, *A Guide to the Commerce of Bengal*, p. 258.

## 31 INDIGO EXPORTED TO ALL PORTS OF THE WORLD, AND TO U.K., 1813–16

| Years | Total export | Export to U.K. |
|---|---|---|
| | S.R. | S.R. |
| 1813–4 | 97,79,194 | 91,32,531 |
| 1814–5 | 72,49,337 | 61,38,189 |
| 1815–6 | 1,28,91,953 | 1,01,93,934 |
| 1816–7 | 88,74,885 | 63,05,702 |

*Bengal Commercial Reports*, 1813–4 to 1816–7. Actual values greatly exceeded the Customs House values.

## 32 COTTON EXPORTED TO ALL PARTS OF THE WORLD AND TO U.K., 1815–18

| Years | Total export S.R. | Export to U.K. S.R. |
|---|---|---|
| 1815–6 | 38,21,475 | 6,57,487 |
| 1816–7 | 76,89,368 | 31,84,791 |
| 1817–8 | 1,10,13,074 | 53,69,791 |
| 1818–9 | 89,76,861 | 37,82,030 |

*Bengal Commercial Reports*, 1815-6 to 1818-9. Actual values exceeded the Customs House values.

## 33 SUGAR EXPORTED TO ALL PARTS OF THE WORLD AND TO U.K., 1814–17

| Years | Total export S.R. | Export to U.K. S.R. |
|---|---|---|
| 1814–5 | 21,14,689 | 8,98,252 |
| 1815–6 | 23,23,927 | 8,17,357 |
| 1816–7 | 34,19,411 | 10,43,713 |
| 1817–8 | 38,81,397 | 12,49,012 |

*Bengal Commercial Reports*, 1814–5 to 1817–8. Actual values are higher.

## 34 EXPORT OF RAW SILK ON THE COMPANY'S ACCOUNT, 1814–17

| Years | Total cost and charges S.R. | Remittance obtained £ s. d. |
|---|---|---|
| 1814–5 | 29,57,188 | 0 2 9.4 |
| 1815–6 | 21,59,178 | 0 3 5.2 |
| 1816–7 | 24,28,030 | 0 4 8.7 |
| 1817–8 | 51,03,414 | 0 3 6 |

App. 22. *Report*, S.C.H.C., 1831.

## 35 PRIVATE EXPORT OF RAW SILK, 1814–17

| Years | Total export S.R. | Export to U.K. S.R. |
|---|---|---|
| 1814–5 | 33,12,709 | 8,60,370 |
| 1815–6 | 28,88,037 | 14,94,976 |
| 1816–7 | 17,72,525 | 4,67,493 |
| 1817–8 | 19,57,262 | 9,42,062 |

*Bengal Commercial Reports*, 1814–5 to 1817–8. Actual values are higher.

## 36 PRIVATE EXPORT OF PIECE-GOODS, 1814–17

| Years | Total export S.R. | Export to U.K. S.R. |
|---|---|---|
| 1814–5 | 84,95,599 | 15,87,311 |
| 1815–6 | 1,31,56,587 | 12,97,061 |
| 1816–7 | 1,65,99,945 | 6,78,059 |
| 1817–8 | 1,32,34,725 | 4,37,107 |

*Bengal Commercial Reports*, 1814–5 to 1817–8.

## 37 SHIP-BUILDING IN CALCUTTA

| Years | Number of ships built | Tonnage |
|---|---|---|
| 1813 | 21 | 10,376 |
| 1814 | 10 | 5,489 |
| 1815 | 14 | 6,199 |
| 1816 | 18 | 8,198 |
| 1817 | 13 | 4,303 |
| 1818 | 12 | 6,863 |

J. Phipps, *History of Ship-building in Calcutta*, pp. 126-7.

## 38 EXPENDITURE IN BENGAL, 1813–15

### Military Charges in Bengal

| Years | Amount |
|---|---|
| | S.R. |
| 1813 | 2,60,64,043 |
| 1815 | 3,47,40,267 |

### Bills Drawn on Bengal

| Years | Amount |
|---|---|
| | S.R. |
| 1815 | 1,33,42,861 |
| 1816 | 72,00,632 |

## 39 COMPARATIVE PRICES OF BRITISH AND INDIAN PIECE-GOODS

| Description of the article | Price Made in England | | Centre of Production in Bengal | Price Made in Bengal | |
|---|---|---|---|---|---|
| Doreas | 55 | shillings | Dacca | 155 | shillings |
| (20 yds. piece) | | | Keerpoy | 45 | ,, |
| | | | Hurripaul | 89 | ,, |
| Cossaes | 60 | ,, | Malda and Dacca | 95 | |
| Mulmuls | 22 to 35 | ,, | Santipore | 47 to 76 | ,, |
| | | | Keerpoy | 39 | ,, |
| Nainsooks | 33 | ,, | Keerpooy | 61 | ,, |
| Seerhaudconnees (Chandrakonas?) | 50 to 64 | ,, | Dacca and Santipore | 80 to 89 | ,, |

Court to G. G. in C. (Comml.), 3 September 1817.

## 40 PRIVATE TRADE 1817-18
### (CUSTOMS HOUSE)

| Years | Imports Merchandise | Imports Treasure | Imports Total | Exports Merchandise | Exports Treasure | Exports Total |
|---|---|---|---|---|---|---|
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| | | | *Calcutta–World* | | | |
| 1817–8 | 2,55,94,728 | 3,22,20,340 | 5,78,15,268 | 5,49,57,143 | 3,17,250 | 5,52,74,395 |
| 1818–9 | 2,84,55,615 | 4,75,14,948 | 7,59,70,563 | 5,04,88,362 | 2,88,531 | 5,07,76,900 |
| | | | *Calcutta–U.K. (Customs House)* | | | |
| 1817–8 | 1,35,62,962 | 61,57,981 | 1,97,20,943 | 1,69,12,905 | — | 1,69,12,905 |
| 1818–9 | 1,59,44,495 | 1,21,61,159 | 2,81,05,654 | 1,38,72,325 | — | 1,38,72,325 |
| | | | *The Company's Trade with the world* | | | |
| 1817–8 | 42,84,838 | 9,51,130 | 52,35,968 | 1,61,43,515 | — | 1,01,43,515 |
| 1818–9 | 12,81,821 | 19,76,657 | 32,58,478 | 78,34,832 | — | 78,34,832 |
| | | | *The Company's Trade with U.K.* | | | |
| 1817–8 | 17,24,634 | 9,51,130 | 26,75,764 | 93,28,438 | — | 93,28,438 |
| 1818–9 | 12,81,821 | 19,76,651 | 32,58,472 | 69,99,443 | — | 69,99,443 |

*For correct valuation see Wilson, op.cit.

*Bengal Commercial Reports*, 1817–8 and 1818–9.

## 41 PRIVATE TRADE 1817–18
### (CUSTOMS HOUSE)

*Calcutta–World*

| Year | Piece-goods S.R. | Indigo S.R. | Sugar S.R. | Silk S.R. | Cotton S.R. |
|---|---|---|---|---|---|
| 1817–8 | 1,32,34,725 | 80,31,855 | 38,81,397 | 19,57,262 | 1,10,13,074 |
| 1818–9 | 1,32,82,789 | 69,66,405 | 44,02,608 | 57,46,361 | 89,76,861 |

*Calcutta–U.K.* (*Customs House*)

(The Company's exports have been included from 1818–9)

| Year | Piece-goods S.R. | Indigo S.R. | Sugar S.R. | Silk S.R. | Cotton S.R. |
|---|---|---|---|---|---|
| 1817–8 | 4,37,107 | 63,79,779 | 12,49,012 | 9,42,062 | 53,69,791 |
| 1818–9 | 20,30,069 | 52,66,111 | 14,90,874 | 47,91,860 | 37,87,050 |

## 42 PRIVATE REMITTABLE CAPITAL OF BENGAL

| | |
|---|---|
| (*a*) Savings of the Civil Service<br>Total income—82 lakhs and pension fund. | 21½ lakhs |
| (*b*) Savings of the military service<br>Total income—150 lakhs. | 19 lakhs |
| (*c*) European mercantile profits<br>Gross profits—67 lakhs. | 33½ lakhs |
| (*d*) Profits from industries, houses and professions<br>(Profits from indigo manufacture calculated at<br>5 per cent on a capital of 80 lakhs). | 21½ lakhs<br>*or*<br>22 lakhs |
| (*e*) Interest payable to resident creditors on 4 crores<br>at 6 per cent | 24 lakhs |
| (*f*) Interest payable to absentee creditors on<br>6 crores at 6 per cent | 36 lakhs |
| | 155½ lakhs<br>*or*<br>156 lakhs |

## 43 DECLINE OF COUNTRY TRADE 1818-19

### (CUSTOMS HOUSE)

*Calcutta–China*

| Years | Imports S.R. | Exports S.R. |
|---|---|---|
| 1818–9 | 1,28,36,846 | 92,03,799 |
| 1819–20 | 71,29,026 | 54,27,736 |

| | *Calcutta–Penang* | | *Calcutta–Manila* | |
|---|---|---|---|---|
| Years | Imports S.R. | Exports S.R. | Imports S.R. | Exports S.R. |
| 1818–9 | 17,03,126 | 17,50,328 | 3,88,586 | 7,81,219 |
| 1819–20 | 13,43,119 | 8,86,612 | 7,29,902 | 2,80,298 |
| | *Calcutta–Coromandel* | | *Calcutta–Malabar* | |
| 1818–9 | 18,20,263 | 9,93,482 | 9,97,616 | 24,79,992 |
| 1819–20 | 9,28,529 | 11,28,232 | 15,43,603 | 41,48,874 |

Actual value—H. H. Wilson, op. cit.

## 44 EXPORT OF BRITISH COTTON AND DEPRESSION IN SHIP-BUILDING IN BRITAIN, 1816-1821

### Export of British Cotton

| Years | Declared value in £ (millions) |
|---|---|
| 1818 | 18.8 |
| 1819 | 14.7 |
| 1820 | 16.5 |
| 1821 | 16.1 |

### Total Export of British Cotton to East Indies and China

| Years | Official value in £ (millions) |
|---|---|
| 1816 | 2.2 |
| 1818 | 3.2 |
| 1819 | 2.4 |

### Depression in Ship-Building in Britain.

| Years | Tons built (in thousands) |
|---|---|
| 1816 | 84.7 |
| 1819 | 89.1 |
| 1820 | 66.7 |
| 1821 | 58.1 |

A. D. Gayer, W. W. Rostow, and A. J. Schwartz, op. cit., p. 149.
For depression in iron industry, see Ashton, op. cit., pp. 153–54.

## 45 PRICE OF BRITISH MANUFACTURES AT CALCUTTA, 1813–20

| Articles | 1813–4 S.R. | 1820–1 S.R. |
|---|---|---|
| Aurora per piece | 108–115 | 90–103 |
| Scarlet per piece | 8–9 | 7–8/4 |
| Iron per maund | 9–10 | 5/10–6/8 |
| Lead per maund | 12–12/8 | 6/8–7 |
| Copper sheet per maund | 53–56 | 41/8–45 |
| Steel per maund | 30–34 | 6/12–8 |

From Price Currents in *Bengal Commercial Reports*. They were being sold at profit now. See Phipps, *A Guide to the Commerce of Bengal*, p. 263.

## 46 PRICE OF COTTON YARN, 1818-21

| Quality | Price of yarn 1818 | Price of yarn 1821 |
|---|---|---|
| 30 hanks per lb. | 2*s.* 9*d.* | 1*s.* 6½*d.* |
| 40 hanks per lb. | 2*s.* 6*d.* | 1*s.* 5½*d.* |

E. Baines, op. cit., p. 355.

## 47 TRADE OF THE COMPANY AND PRIVATE MERCHANTS, 1820–22

### (CUSTOMS HOUSE)

*Calcutta-World*

Imports

| Years | Merchandise | Treasure | Total |
|---|---|---|---|
| | S.R. | S.R. | S.R. |
| 1820–1 | 2,24,45,163 | 2,40,71,335 | 4,65,16,498 |
| 1821–2 | 2,59,03,599 | 2,21,49,437 | 4,80,53,036 |
| 1822–3 | 2,68,66,533 | 1,72,89,382 | 4,41,55,917 |

Exports

| Years | Merchandise | Treasure | Total |
|---|---|---|---|
| | S.R. | S.R. | S.R. |
| 1820–1 | 5,68,03,248 | 12,29,363 | 5,80,32,610 |
| 1821–2 | 5,35,53,123 | 1,23,96,395 | 6,59,49,510 |
| 1822–3 | 6,18,51,480 | 51,51,966 | 6,70,03,440 |

*Bengal Commercial Reports*, 1820–1 to 1822–3.

## 48 PRICE OF INDIAN GOODS, 1813–22

| Article | Price in 1813–4 | Price in 1820–1 | Price in 1822–3 |
|---|---|---|---|
| | S.R. | S.R. | S.R. |
| Cotton per md. | 12/8–14 | 18–22 | 13/8–16 |
| Benares Sugar per md. | 8/8–9/8 | 9/1–11/8 | 8–9/13 |
| Silk (Cossimbazar) per seer | 8/8–12 | 12–13 | 14–15/8 |
| Indigo per f. md. | ... | 120–160 | 190–320 |
| Rice (Buckergange) per md. | -/14–1-5 | 1/11–1/14 | 1/5–1/9 |

From Price Currents in *Bengal Commercial Reports*.

## 49 PRIVATE TRADE 1817–22

*Calcutta–Lisbon*

| Years | Imports Merchandise | Imports Treasure | Exports Merchandise | Exports Treasure |
|---|---|---|---|---|
| | S.R. | S.R. | S.R. | S.R. |
| 1817–8 | 1,93,402 | 16,69,305 | 15,88,637 | |
| 1818–9 | 1,18,224 | 27,85,721 | 20,78,172 | |
| 1819–20 | 48,601 | 17,18,618 | 9,99,504 | |
| 1820–1 | 2,60,984 | 24,89,516 | 22,18,168 | |
| 1821–2 | 63,455 | 13,43,229 | 4,58,356 | |
| 1822–3 | 2,56,941 | 21,41,624 | 25,44,959 | |

*Calcutta–U.S.A*

| | | | | |
|---|---|---|---|---|
| 1817–8 | 11,49,890 | 57,99,449 | 48,91,053 | ... |
| 1818–9 | 5,03,434 | 90,59,375 | 70,26,531 | ... |
| 1819–20 | 1,32,278 | 45,96,510 | 45,86,538 | ... |
| 1820–1 | 1,59,655 | 27,28,519 | 19,25,079 | ... |
| 1821–2 | 2,90,477 | 50,51,178 | 38,53,916 | 49,50[illegible] |
| 1822–3 | 2,43,013 | 50,07,652 | 30,63,019 | ... |

*Calcutta–France*

| | Imports | | Exports |
|---|---|---|---|
| | Merchandise | Treasure | Merchandise |
| | S.R. | S.R. | S.R. |
| 1817–8 | 4,34,734 | 9,81,010 | 17,17,415 |
| 1818–9 | 5,27,182 | 17,90,841 | 20,53,159 |
| 1819–20 | 3,34,245 | 10,31,292 | 11,61,961 |
| 1820–1 | 2,33,183 | 10,42,070 | 15,11,637 |
| 1821–2 | 7,42,561 | 23,52,763 | 12,21,417 |
| 1822–3 | 7,20,248 | 12,28,744 | 21,78,423 |

| | *Calcutta–Brazil* | | *Calcutta–South America* | |
|---|---|---|---|---|
| | Imports | Exports | Imports | Exports |
| | S.R. | S.R. | S.R. | S.R. |
| 1817–8 | 23,44,543 | 16,91,853 | 4,40,823 | 3,87,518 |
| 1818–9 | 24,10,896 | 9,87,057 | 14,46,266 | 6,60,107 |
| 1819–20 | 11,85,966 | 10,60,412 | 22,66,981 | 7,25,842 |
| 1820–1 | 13,93,157 | 6,47,928 | 16,38,898 | 19,55,002 |
| 1821–2 | 4,92,125 | 1,45,352 | 27,77,415 | 14,64,261 |
| 1822–3 | 4,07,940 | 2,01,226 | 10,82,548 | 2,88,315 |

*Calcutta–China*

| | Imports | | Exports | |
|---|---|---|---|---|
| | Merchandise | Treasure | Merchandise | Treasure |
| | S.R. | S.R. | S.R. | S.R. |
| 1817–8 | 36,55,981 | 77,03,777 | 1,01,95,671 | 2,52,000 |
| 1818–9 | 36,28,994 | 92,07,832 | 92,03,799 | 2,36,250 |
| 1918–20 | 20,53,882 | 50,75,144 | 46,22,514 | 1,11,500 |
| 1820–1 | 30,47,431 | 45,38,564 | 1,02,48,426 | 2,96,150 |
| 1821–2 | 22,88,959 | 39,33,281 | 1,02,05,138 | ... |
| 1822–3 | 12,30,310 | 26,19,046 | 1,30,74,663 | ... |

| | *Calcutta–Penang* | | *Calcutta–Sumatra* | |
|---|---|---|---|---|
| Years | Imports | Exports | Imports | Exports |
| | S.R. | S.R. | S.R. | S.R. |
| 1817–8 | 9,05,610 | 18,96,622 | 6,20,588 | 9,61,294 |
| 1818–9 | 17,03,126 | 17,50,328 | 5,47,683 | 4,31,774 |
| 1819–20 | 13,43,119 | 11,09,200 | 8,85,484 | 5,85,465 |
| 1820–1 | 14,91,677 | 26,39,218 | 5,35,678 | 2,66,140 |
| 1821–2 | 14,83,752 | 28,31,099 | 3,09,036 | 8,77,291 |
| 1822–3 | 13,63,473 | 28,25,408 | 3,46,751 | 4,45,968 |

| | *Calcutta–Malabar* | | *Calcutta–Coromandel* | |
|---|---|---|---|---|
| 1817–8 | 8,94,373 | 25,60,485 | 7,96,885 | 15,65,812 |
| 1818–9 | 9,97,616 | 27,92,234 | 18,20,263 | 9,93,482 |
| 1819–20 | 15,43,603 | 41,48,874 | 9,28,529 | 46,76,816 |
| 1820–1 | 13,45,249 | 25,25,695 | 8,91,356 | 12,53,930 |
| 1821–2 | 22,46,106 | 18,82,161 | 8,87,221 | 12,35,015 |
| 1822–3 | 6,51,285 | 41,08,341 | 7,60,650 | 40,30,972 |

| | *Calcutta–Gulfs* | | *Calcutta–Java* | |
|---|---|---|---|---|
| 1817–8 | 41,50,047 | 47,92,689 | 12,35,851 | 7,68,914 |
| 1818–9 | 55,98,358 | 46,58,887 | 18,22,380 | 2,20,148 |
| 1819–20 | 52,03,952 | 50,50,985 | 22,18,500 | 25,18,604 |
| 1820–1 | 54,09,962 | 36,71,131 | 9,20,293 | 32,98,982 |
| 1821–2 | 36,25,178 | 47,40,902 | 15,97,064 | 21,26,562 |
| 1822–3 | 38,54,718 | 34,64,404 | 18,85,463 | 27,24,487 |

| | *Calcutta–Manila* | | *Calcutta–Mauritius* | |
|---|---|---|---|---|
| 1817–8 | 18,30,834 | 14,37,806 | 14,07,772 | 4,70,006 |
| 1818–9 | 3,88,583 | 7,81,219 | 8,37,065 | 5,47,041 |
| 1819–20 | 7,29,902 | 2,80,298 | 6,72,296 | 9,63,436 |
| 1820–1 | 13,05,801 | 2,44,461 | 11,91,111 | 10,85,907 |
| 1821–2 | 2,35,030 | 8,90,105 | 7,51,348 | 16,31,865 |
| 1822–3 | 4,13,962 | 2,62,910 | 7,73,011 | 10,73,843 |

*Calcutta–Gibraltar–Malta*

| Years | Imports | Exports |
|---|---|---|
| | S.R. | S.R. |
| 1817–8 | 1,26,629 | 18,96,628 |
| 1818–9 | 13,64,429 | 12,91,679 |
| 1819–20 | 17,55,757 | 4,14,702 |
| 1820–1 | 6,87,272 | 1,53,804 |
| 1821–2 | — | 7,84,682 |
| 1822–3 | — | 7,24,295 |

*Bengal Commercial Reports,* 1817–8 to 1822–3.

## 50 BILLS DRAWN ON ACCOUNT OF INDIA DEBT AFTER 1820

| Years | For interest | For principal |
|---|---|---|
| | S.R. | S.R. |
| 1820 | 1,26,97,973 | 1,17,780 |
| 1821 | 1,15,96,176 | 46,65,626 |
| 1822 | 57,68,188 | 2,20,47,843 |

From Financial Letters and Enclosures Received, op. cit.

## 51 EXPORT OF OPIUM TO CHINA ETC.

| Countries to which exported | 1819 S.R. | 1820 S.R. | 1821 S.R. | 1822 S.R. |
|---|---|---|---|---|
| China | 34,98,188 | 85,85,311 | 67,87,154 | 1,09,61,651 |
| Java | 15,08,739 | 17,22,249 | 14,54,630 | 15,70,225 |
| Penang | 6,77,352 | 15,19,652 | 9,58,461 | 14,54,682 |

*Bengal Commercial Reports,* 1819–1822.

## 52 BENGAL TRADE IN 1822–3

| Countries | Import % | Export % |
|---|---|---|
| U.K. (Private and Company) | 41 6/16 | 26 3/16 |
| Lisbon | 5 7/16 | 3 13/16 |
| France | 4 6/16 | 3 4/16 |
| America | 11 14/16 | 4 9/16 |
| Java | 4 4/16 | 4 1/16 |
| Penang | 3 1/16 | 4 4/16 |
| China | 8 12/16 | 19 8/16 |
| Gulfs | 8 12/16 | 5 3/16 |
| Malabar | 1 8/16 | 6 2/16 |
| Coromandel | 1 11/16 | 6 |

*Bengal Commercial Reports*, 1822–3

## 53 INTERNAL TRADE OF BENGAL THROUGH THE TOWN OF CALCUTTA

| Years | Import from the Company's dominions | Import from other parts of India | Export to the Company's dominions | Export to other parts of India |
|---|---|---|---|---|
| | S.R. | S.R. | S.R. | S.R. |
| 1813–14 | 2,18,24,710 | 37,33,430 | 70,95,371 | 2,36,613 |
| 1822–23 | 4,25,08,692 | 32,36,253 | 1,57,73,761 | 4,29,129 |

*Bengal Commercial Reports*, 1813–22.

## 54 THE COMPANY'S TRADE AND PRIVATE TRADE 1823–4
### (CUSTOMS HOUSE)

*Calcutta–World*

| Years | Imports Merchandise | Imports Treasure | Imports Total | Exports Merchandise | Exports Treasure | Exports Total |
|---|---|---|---|---|---|---|
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| 1823–4 | 2,61,98,443 | 1,31,69,214 | 3,93,67,637 | 5,05,45,292 | 1,22,53,039 | 6,27,98,331 |

*Calcutta–U.K.*

| Years | Imports Merchandise | Imports Treasure | Exports Merchandise | Exports Treasure |
|---|---|---|---|---|
| | S.R. | S.R. | S.R. | S.R. |
| THE COMPANY | | | | |
| 1823–4 | 20,95,499 | — | 92,75,945 | 41,90,573 |
| PRIVATE TRADE | | | | |
| 1823–4 | 1,37,67,035 | 5,24,032 | 1,35,64,851 | 2,23,767 |

*Calcutta–U.S.A.*

| | Imports | Exports |
|---|---|---|
| | S.R. | S.R. |
| 1822–3 | 52,50,665 | 30,63,019 |
| 1823–4 | 14,66,155 | 12,25,000 |

| Years | Calcutta–France | | Calcutta–China | |
|---|---|---|---|---|
| | Imports | Exports | Imports | Exports |
| | S.R. | S.R. | S.R. | S.R. |
| 1822–3 | 19,48,992 | 21,78,423 | 38,49,356 | 1,30,74,663 |
| 1823–4 | 3,17,560 | 3,00,506 | 60,22,427 | 1,00,55,130 |

*Bengal Commercial Reports*, 1822–3 and 1823–4.

## 55 THE COMPANY'S TRADE AND PRIVATE TRADE, 1824-5

*Calcutta–World*

| Year | Imports | | | Exports | | |
|---|---|---|---|---|---|---|
| | Merchandise | Treasure | Total | Merchandise | Treasure | Total |
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R, |
| 1824–5 | 2,86,55,916 | 1,21,42,271 | 4,07,98,187 | 3,26,16,355 | 34,91,676 | 5,61,08.031 |

*Calcutta–United Kingdom*

THE COMPANY

| Year | Imports | | Exports | |
|---|---|---|---|---|
| | Merchandise | Treasure | Merchandise | Treasure |
| | S.R. | S.R. | S.R. | S.R. |
| 1824–5 | 14,23,332 | — | 1,25,31,364 | — |

PRIVATE TRADE

| Years | Imports | | Exports | |
|---|---|---|---|---|
| | Merchandise | Treasure | Merchandise | Treasure |
| | S.R. | S.R. | S.R. | S.R. |
| 1824–5 | 1,61,84,454 | 13,250 | 1,39,30,093 | 2,69,466 |

| Year | *Calcutta–France* | | *Calcutta–U.S.* | | *Calcutta–China* | |
|---|---|---|---|---|---|---|
| | Imports | Exports | Imports | Exports | Imports | Exports |
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| 1824–5 | 11,55,195 | 12,24,445 | 21,10,307 | 22,89,719 | 39,91,176 | 1,00,59,322 |
| | *Calcutta–Penang* | | *Calcutta–Java* | | *Calcutta–Manila* | |
| 1823–4 | 16,22,482 | 29,08,094 | 15,89,648 | 17,17.083 | 6,08,174 | 1,11,552 |
| 1824–5 | 18,99,064 | 23,81,588 | 7,26,294 | 6,28,506 | 4,20,471 | 5,06,934 |
| | *Calcutta–Coromandel* | | *Calcutta–Malabar* | | *Calcutta–Gulfs* | |
| 1823–4 | 9,86,138 | 23,83,468 | 12,64,814 | 37,01,975 | 24,18,321 | 34,15,397 |
| 1824–5 | 33,97,643 | 18,33,201 | 12,98,444 | 13,20,376 | 18,19,883 | 27,13,344 |

| Year | *Calcutta–Brazil* | | *Calcutta–South America* | |
|---|---|---|---|---|
| | Imports | Exports | Imports | Exports |
| | S.R. | S.R. | S.R. | S.R. |
| 1823–4 | 11,02,426 | 6,00,137 | 35,66,882 | 12,08,775 |
| 1824–5 | 9,23,291 | 4,50,271 | 33,52,311 | 6,81,551 |

*Bengal Commercial Reports*, 1823–4 and 1824–5.

## 56 THE COMPANY'S TRADE AND PRIVATE TRADE 1825-26

*Calcutta–World (Customs House)*

| Year | Imports Merchandise | Imports Treasure | Imports Total | Exports Merchandise | Exports Treasure | Exports Total |
|---|---|---|---|---|---|---|
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| 1825–6 | 2,14,98,729 | 1,50,58,005 | 3,65,56,734 | 5,66,39,922 | 1,38,704 | 5,67,78,626 |

*Calcutta–U.K.*

| Year | The Company Imports Merchandise | The Company Imports Treasure | The Company Exports Merchandise | The Company Exports Treasure | Private Trade Imports Merchandise | Private Trade Imports Treasure | Private Trade Exports Merchandise | Private Trade Exports Treasure |
|---|---|---|---|---|---|---|---|---|
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| 1825–6 | 3,74,648 | | 1,26,78,980 | | 1,24,93,958 | 1,56,978 | 1,71,31,915 | 48 |

*Articles exported to World*

| Year | Cotton Piece-goods | Silk Piece-goods | Indigo | Sugar | Silk | Cotton | Opium |
|---|---|---|---|---|---|---|---|
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| 1823–4 | 58,72,729 | 23,79,827 | 87,38,205 | 22,68,433 | 66,59,385 | 23,47,568 | 1,05,39,345 |
| 1824–5 | 42,25,719 | 33,19,032 | 1,34,30,269 | 21,41,869 | 75,46,762 | 32,28,335 | 90,82,732 |
| 1825–6 | 34,13,434 | 35,81,549 | 1,63,30,506 | 24,75,879 | 81,05,170 | 30,57,130 | 82,88,393 |

*Articles Exported to U.K.*

| Year | Cotton Piece-goods | Silk Piece-goods | Indigo | Sugar | Silk | Cotton |
|---|---|---|---|---|---|---|
| 1823–4 | 3,98,385 | 9,28,178 | 79,75,068 | 17,81,147 | 61,99,650 | 4,51,021 |
| 1824–5 | 6,55,942 | 13,75,069 | 1,13,24,768 | 14,86,000 | 70,99,203 | 5,01,779 |
| 1825–6 | 3,21,743 | 18,21,516 | 1,29,45,734 | 15,88,504 | 76,71,306 | 4,76,169 |

*Bengal Commercial Reports*, 1823–4 to 1825–6.

## 57 THE COMPANY'S TRADE AND PRIVATE TRADE 1825–6

*Calcutta–World (Customs House)*

| Year | Imports Merchandise S.R. | Imports Treasure S.R. | Trade Total S.R. | Exports Merchandise S.R. | Exports Treasure S.R. | Total S.R. |
|---|---|---|---|---|---|---|
| 1826–7 | 2,17,68,679 | 1,26,00,153 | 3,43,60,832 | 5,12,26,319 | 11,15,032 | 5,23,41,351 |

*Calcutta–U.K.*

THE COMPANY'S TRADE

| Year | Imports Merchandise S.R. | Imports Treasure S.R. | Exports Merchandise S.R. | Exports Treasure S.R. |
|---|---|---|---|---|
| 1826–7 | 2,32,201 | — | 1,47,83,540 | — |
| PRIVATE TRADE | | | | |
| 1826–7 | 1,26,26,147 | 20,180 | 99,61,591 | 3,78,032 |

| Year | Calcutta–France Imports S.R. | Calcutta–France Exports S.R. | Calcutta–U.S.A Imports S.R. | Calcutta–U.S.A Exports S.R. | Calcutta–South America Imports S.R. | Calcutta–South America Exports S.R. |
|---|---|---|---|---|---|---|
| 1825–6 | 12,04,899 | 16,09,331 | 56,92,871 | 26,14,785 | 8,29,155 | 1,53,608 |
| 1826–7 | 13,86,949 | 15,39,606 | 11,63,985 | 6,64,318 | 16,05,224 | 61,633 |

| Years | *Calcutta–Lisbon* | | *Calcutta–Brazil* | | *Calcutta–Manila* | |
|---|---|---|---|---|---|---|
| 1825–6 | 44,612 | 5,21,299 | 1,64,765 | 1,14,142 | 77,064 | 2,79,834 |
| 1826–7 | 2,33,339 | 2,73,012 | 1,06,386 | 3,72,912 | 72,090 | — |
| | *Calcutta–China* | | *Calcutta–Penang* | | *Calcutta–Java* | |
| 1825–6 | 60,87,908 | 1,61,90,582 | 6,20,548 | 13,22,340 | 9,34,323 | 7,47,640 |
| 1826–7 | 35,55,012 | 1,38,14,821 | 10,15,953 | 10,40,556 | 15,15,304 | 8,82,194 |
| | *Calcutta–Sumatra* | | *Calcutta–Gulfs* | | *Calcutta–Malabar* | |
| 1825–6 | 5,00,832 | 48,683 | 22,53,338 | 31,47,972 | 6,52,087 | 17,65,723 |
| 1826–7 | 1,55,419 | 1,84,386 | 11,56,276 | 21,86,501 | 9,90,505 | 19,77,815 |
| | *Calcutta–Coromandel* | | *Calcutta–Mauritius* | | *Calcutta–Pegu* | |
| 1825–6 | 53,04,873 | 16,76,158 | 3,10,902 | 4,12,332 | 2,56,686 | 12,80,211 |
| 1826–7 | 9,57,127 | 8,95,823 | 5,66,180 | 5,49,029 | 62,52,771 | 14,44,125 |

***Bengal Commercial Reports***, 1825–6 and 1826–7.

## 58 THE COMPANY'S TRADE AND PRIVATE TRADE 1827-8

*Calcutta–World (Customs House)*

| Year | Imports | | | Exports | | |
|---|---|---|---|---|---|---|
| | Merchandise | Treasure | Total | Merchandise | Treasure | Total |
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| 1827–8 | 2,79,97,967 | 1,42,01,609 | 4,21,99,176 | 5,95,27,104 | 44,80,987 | 6,40,08,091 |

*Calcutta–U.K.*

THE COMPANY'S TRADE

| | Imports: Merchandise S.R. | Imports: Treasure S.R. | Exports: Merchandise S.R. | Exports: Treasure S.R. |
|---|---|---|---|---|
| 1827–8 | 3,48,312 | — | 1,75,37,150 | 34,58,720 |

PRIVATE TRADE

| | Imports: Merchandise S.R. | Imports: Treasure S.R. | Exports: Merchandise S.R. | Exports: Treasure S.R. |
|---|---|---|---|---|
| 1827–8 | 1,86,43,444 | 73,620 | 1,28,83,130 | 7,06,979 |

| | *Calcutta–France* | | *Calcutta–U.S.A* | | *Calcutta–Brazil* | |
|---|---|---|---|---|---|---|
| | Imports S.R. | Exports S.R. | Imports S.R. | Exports S.R. | Imports S.R. | Exports S.R. |
| 1827–8 | 23,12,466 | 26,99,804 | 21,75,829 | 16,87,548 | 11,55,575 | 4,37,668 |

Trade with Lisbon was below 2 lakhs, there were no exports to South America and it imported only S.R. 1,82,568. Trade with Hamburg and Sweden were meagre.

| | *Calcutta–China* | | *Calcutta–Penang* | | *Calcutta–Java* | |
|---|---|---|---|---|---|---|
| 1827–8 | 85,88,695 | 1,46,90,342 | 5,34,803 | 11,38,076 | 9,92,709 | 7,75,023 |

Trade with Manila and Sumatra were meagre.

| | *Calcutta–Gulfs* | | *Calcutta–Coromandel* | | *Calcutta–Malabar* | |
|---|---|---|---|---|---|---|
| 1827–8 | 21,27,048 | 22,54,434 | 4,82,818 | 8,78,966 | 4,34,881 | 14,93,262 |

*Bengal Commercial Reports*, 1827–8

## 59 FINANCIAL SITUATION 1829–32

| Years | Total Bengal Charges | Military Charges | Bengal Surplus | Bengal Investment | Supplies to China |
|---|---|---|---|---|---|
| | S.R. | S.R. | S.R. | S.R. | S.R. |
| 1828–9 | 10,89,12,020 | 4,09,73,774 | 2,12,71,843 | 1,63,42,304 | 69,16,999 |
| 1829–30 | 9,65,93,972 | 3,65,93,272 | 2,43,05,360 | 1,89,06,902 | 6,77,987 |
| 1830–1 | 9,75,78,435 | 3,41,66,162 | 2,49,34,140 | 1,76,76,842 | 88,14,118 |
| 1831–2 | 10,89,47,452 | 3,45,68,810 | 2,09,96,509 | 1,14,03,296 | 84,51,613 |
| 1832–3 | 11,21,46,990 | 3,63,24,900 | 1,75,57,517 | 1,51,47,143 | 74,32,698 |

### INDIAN SURPLUS

| Years | S.R. | Years | S.R. | Years | S.R. |
|---|---|---|---|---|---|
| 1828–9 | 1,13,97,923 | 1830–1 | 1,51,10,497 | 1832-3 | 89,44,824 |
| 1829–30 | 1,07,05,348 | 1831–2 | 1,44,89,443 | | |

Financial Letters and Enclosures Received, 1828–9 to 1832–3.

## 60 THE COMPANY'S TRADE AND PRIVATE TRADE 1828-9

*Calcutta–World (Customs House)*

| Years | Imports | | | Exports | | |
|---|---|---|---|---|---|---|
| | Merchandise | Treasure | Total | Merchandise | Treasure | Total |
| | S.R. | S.R. | S.R. | S.R. | S.R. | S.R. |
| 1828–9 | 3,01,92,732 | 69,02,374 | 3,70,95,106 | 5,02,81,959 | 17,63,193 | 5,20,45,152 |
| 1829–30 | 2,37,67,512 | 1,09,18,622 | 3,46,86,134 | 5,50,46,563 | 16,40,322 | 5,66,86,885 |

*Calcutta–U.K.*

THE COMPANY'S TRADE

| Years | Imports: Merchandise S.R. | Imports: Treasure S.R. | Exports: Merchandise S.R. | Exports: Treasure S.R. |
|---|---|---|---|---|
| 1828–9 | 3,98,830 | — | 1,41,26,165 | — |
| 1829–30 | 1,17,260 | — | 1,74,53,697 | — |

PRIVATE TRADE

| Years | Imports: Merchandise S.R. | Imports: Treasure S.R. | Exports: Merchandise S.R. | Exports: Treasure S.R. |
|---|---|---|---|---|
| 1828–9 | 2,17,82,877 | 2,48,101 | 1,16,40,299 | 12,41,443 |
| 1829–30 | 1,59,77,037 | — | 1,10,62,436 | 12,26,294 |

| Years | *Calcutta–France* Imports S.R. | *Calcutta–France* Exports S.R. | *Calcutta–U.S.* Imports S.R. | *Calcutta–U.S.* Exports S.R. | *Calcutta–China* Imports S.R. | *Calcutta–China* Exports S.R. |
|---|---|---|---|---|---|---|
| 1828–9 | 22,04,250 | 23,87,107 | 20,21,096 | 16,01,632 | 30,43,828 | 97,69,876 |
| 1829–30 | 14,65,573 | 23,97,986 | 18,37,155 | 17,61,787 | 66,37,763 | 1,17,18,274 |

| | *Calcutta–Penang* Imports | *Calcutta–Penang* Exports | *Calcutta–Coromandel* Imports | *Calcutta–Coromandel* Exports | *Calcutta–Malabar* Imports | *Calcutta–Malabar* Exports |
|---|---|---|---|---|---|---|
| 1827–8 | 3,34,803 | 11,38,076 | 4,82,810 | 8,74,966 | 4,34,801 | 14,93,262 |
| 1828–9 | 16,48,760 | 31,68,333 | 5,31,130 | 6,51,227 | 7,98,641 | 17,09,272 |
| 1829–30 | 23,63,568 | 33,21,634 | 13,12,874 | 8,18,135 | 6,64,585 | 15,95,002 |

| | *Calcutta–Gulfs* Imports | *Calcutta–Gulfs* Exports | *Calcutta–Mauritius* Imports | *Calcutta–Mauritius* Exports | *Calcutta–Pegu* Imports | *Calcutta–Pegu* Exports |
|---|---|---|---|---|---|---|
| 1827–8 | 21,27,048 | 22,54,434 | 3,75,735 | 13,66,050 | 24,75,145 | 9,89,152 |
| 1828–9 | 7,78,281 | 17,98,927 | 1,21,798 | 16,04,050 | 2,225,291 | 9,35,162 |
| 1829–30 | 15,07,273 | 21,26,905 | 3,09,605 | 15,04,333 | 14,24,811 | 8,95,335 |

| | Calcutta–South America | | Calcutta–Java | |
|---|---|---|---|---|
| | Imports S.R. | Exports S.R. | Imports S.R. | Exports S.R. |
| 1827–8 | 1,82,578 | — | 9,92,709 | 7,75,023 |
| 1828–9 | 4,98,770 | 99,605 | 1,40,945 | 1,74,299 |
| 1928–30 | 5,17,810 | 1,54,446 | 96,792 | 2,51,120 |

Import trade with Brazil ceased in 1827–8 and export trade in 1828–9.
*Bengal Commercial Reports*, 1827–8 to 1829–30.

## 61 THE COMPANY'S TRADE AND PRIVATE TRADE 1830–32

*Calcutta–World (Customs House)*

| Years | Imports | | | Exports | | |
|---|---|---|---|---|---|---|
| | Merchandise S.R. | Treasure S.R. | Total S.R. | Merchandise S.R. | Treasure S.R. | Total S.R. |
| 1830–1 | 2,72,89,237 | 60,97,416 | 3,33,86,653 | 5,08,66,033 | 33,11,135 | 5,41,77,168 |
| 1831–2 | 2,25,61,566 | 54,46,589 | 2,80,08,155 | 4,67,40,502 | 1,14,46,426 | 5,81,86,928 |
| 1832–3 | 1,97,30,422 | 53,62,596 | 2,50,93,018 | 4,88,49,237 | 78,45,535 | 5,66,94,772 |

*Calcutta–U.K.*

THE COMPANY'S TRADE

| | Imports | | Exports | |
|---|---|---|---|---|
| | Merchandise S.R. | Treasure S.R. | Merchandise S.R. | Treasure S.R. |
| 1830–1 | 59,683 | — | 1,23,28,954 | — |
| 1831–2 | — | — | 97,20,971 | 73,89,815 |
| 1832–3 | 38,210 | — | 98,88,155 | 19,48,972 |

PRIVATE TRADE

| | | | | |
|---|---|---|---|---|
| 1830–1 | 1,97,84,811 | 7,602 | 1,19,28,867 | 30,21,184 |
| 1831–2 | 1,72,27,917 | — | 1,18,40,413 | 36,42,784 |
| 1832–3 | 1,41,37,376 | — | 1,27,55,283 | 51,63,684 |

| Years | Calcutta-France Imports S.R. | Calcutta-France Exports S.R. | Calcutta-U.S.A. Imports S.R. | Calcutta-U.S.A. Exports S.R. | Calcutta-China Imports S.R. | Calcutta-China Exports S.R. |
|---|---|---|---|---|---|---|
| 1830–1 | 8,73,950 | 27,67,076 | 20,26,294 | 22,80,344 | 30,21,838 | 1,11,91,404 |
| 1831–2 | 3,19,838 | 17,72,003 | 16,36,985 | 34,70,363 | 13,86,597 | 1,25,60,454 |
| 1832–3 | 7,99,390 | 30,86,077 | 5,84,849 | 20,17,646 | 31,51,871 | 1,18,40,296 |
| | *Calcutta-Penang* | | *Calcutta-Gulfs* | | *Calcutta-Coromandel* | |
| 1830–1 | 31,29,127 | 27,70,189 | 8,36,859 | 21,01,001 | 5,98,692 | 9,40,489 |
| 1831–2 | 20,85,007 | 21,11,013 | 9,56,733 | 16,18,855 | 24,97,637 | 6,58,367 |
| 1832–3 | 23,45,069 | 30,92,705 | 3,65,469 | 9,32,632 | 10,03,897 | 13,42,428 |
| | *Calcutta-Malabar* | | *Calcutta-Pegu* | | *Calcutta-Mauritius* | |
| 1830–1 | 6,48,989 | 16,53,066 | 13,87,454 | 13,85,348 | 1,65,919 | 11,08,992 |
| 1831–2 | 6,30,137 | 13,39,529 | 6,98,904 | 8,11,097 | 1,16,826 | 9,68,960 |
| 1832–3 | 8,08,193 | 18,53,823 | 14,08,732 | 8,85,067 | 1,54,442 | 15,13,152 |

*Bengal Commercial Reports*, 1830–1 to 1832–3.

The Canton price of Patna opium had fallen in June 1832 to 860–800 dollars per chest, of Benares opium to 920–750 dollars and of Malwa opium to 535–520 dollars. Separate Consultations, 23 October 1832, no. 8.

## 62 CALCUTTA–INTERIOR TRADE 1825–32

| | Imports by land | | Exports by land | |
|---|---|---|---|---|
| | Company's dominions | Beyond | Company's dominions | Beyond |
| | S.R. | S.R. | S.R. | S.R. |
| 1825 | 5,64,74,023 | 16,20,189 | 1,89,37,742 | 7,948 |
| 1832 | 4,94,49,317 | 4,19,720 | 1,17,16,678 | 4,42,411 |

*Bengal Commercial Reports*, 1825–6 to 1832–3

## 63 GOODS IMPORTED BY LAND INTO CALCUTTA

| | 1819 | 1827 |
|---|---|---|
| | S.R. | S.R. |
| Cotton piece-goods | 1,26,52,685 | 44,14,731 |
| Silk piece-goods | 16,86,596 | 4,54,828 |
| Indigo | 1,05,92,414 | 1,51,69,900 |
| Silk | 78,72,123 | 77,82,210 |
| Cotton | 40,14,883 | 37,41,040 |
| Sugar | 48,69,956 | 21,37,972 |
| Saltpetre | 29,25,089 | 13,14,830 |

*Bengal Commercial Reports*, 1819–20 to 1827–8.

## 64 RAW MATERIAL PRICES

| Articles | Prices | | |
|---|---|---|---|
| | 1826 | 1828 | 1832 |
| | S.R. | S.R. | S.R. |
| Indigo per fact. md. | 270–330 | 233–310 | 140–158 |
| Sugar per baz. md. | 9/4–10/4 | 10/6–11/12 | 3/4–10/- |
| Silk per seer | 14/8–16/- | 12/12–13/4 | 9/4–11/8 |
| Cotton per baz. md. | 13/4–16/- | 12/8–14/- | 12/8–13/- |

*Bengal Commercial Reports*, 1826–7, 1828–9 and 1832–3.

## 65 THE SCALES OF MONTHLY SALARIES OF NATIVE OFFICIALS IN THREE OF THE COMPANY'S FACTORIES

| | Benares (1813) S.R. | Coomercolly (1814) S.R. | Sardah (1821) S.R |
|---|---|---|---|
| Diwan | 100 | — | — |
| Naib | 50 | — | — |
| Gomastha | 40 | 50 | 50 |
| Head Writer | — | 45 | 60 |
| Sherestadar | — | 15 | 16 |
| Jachendar | 25 | 15 | 15 |
| Poddar | 10 | — | 10 |
| Hand Weaver | 15 | — | — |
| Moonshie | 15 | — | 20 |
| Mohurrer | 8 | — | 8 |
| Jemadar | 10 | — | 10 |
| Peon | 3/8 | — | — |

*Proceedings, Bengal Board of Trade*, 23 April 1813 and 6 April 1821.

## 66 WAGES PAID BY THE COMPANY AT TWO FACTORIES CHOSEN AS SAMPLES

| | Silk filature at Coomercolly S.R. | Silk filature at Radhanagore S.R. |
|---|---|---|
| Spinner | 4–5 per month | 4 per month |
| Reeler | 3–3/8 per month | 2/8 per month |
| Head Winder | 18 per month | |
| Turner | — | 2/8 per month |
| Blacksmith | 3–5 per month | 4/13–6 per month |
| Carpenter | 3–5 per month | 4/8-4/12 per month |

Remuneration was higher at Hurripaul (*Proceedings, Bengal Board of Trade*, 17 September 1813), but lower at Rungpore (*ibid.*, 24 January 1814) and was calculated per seer of silk at Bauleah (*ibid.*, 21 April 1819).

### REMUNERATION FOR SUNDRY WORK

| | Cossimbazar factory | Golagore factory |
|---|---|---|
| Bricklayer | 2 *as.* per day | Rs 5 per month |
| Mistry | Rs 5 per month | — |
| Cooly (man) | 1 *a.* 6 *p.* per day | Rs 3 per month |
| Cooly (boy) | 1 *a.* per day | Rs 2 per month |

*Proceedings, Bengal Board of Trade*, 19 March 1813 and 27 November 1815. For wages of spinners at different factories in 1792–1822, see *Proceedings, Bengal Board of Trade*, 453, part 2, no. 48. 29 June 1827.

## 67 RISE OF PRICE OF RAW COTTON

| Station | Price per md. in 1792–3 | Price per md. in 1813–4 | Price per md. in 1822–3 |
|---|---|---|---|
| Benares | Rs 6.10 *as.* 8 *p.* | Rs 9.2 *as.* 8 *p.* | Rs 12.8 *as.* |
| Coomercolly | — | Rs 16 | Rs 17.8 *as.* |
| Malda | Rs 12.12 *as.* | Rs 13.12 *as.* | Rs 17.12 *as.* |
| Keerpoy | Rs 14.3 *as.* 1 *p.* | Rs 16.4 *as.* 1 *p.* | Rs 18.7 *as.* 11 *p.* |

Price per maund

| | 1792 | 1800 | 1819 | 1822 |
|---|---|---|---|---|
| Santipore | Rs 5 | Rs 13 | Rs 19.12 *as.* | Rs 5.4 *as.* |

Proceedings, *Bengal Board of Trade*, 453, part 2, 29 June 1827.

## 68 RISE OF PRICES BETWEEN 1797 AND 1832

| Article | | Price 1797 | 1811 | 1832 |
|---|---|---|---|---|
| Patna rice | per md. | Re 1.7 *as.* | Re 1.8 *as.* to Re 1.12 *as.* | Rs 2.6 *as.* to Rs 3. |
| Rice middling | per md. | 12 *as.* | — | — |
| Rice common | per md. | — | 12 *as.* to Re 1. | Re 1.12 *as.* |
| Wheat | per md. | 11 *as.* | Re 1 to Re 1.4 *as.* | Re 1.9 *as.* to Re 1.10 *as.* |
| *Auror dal* | per md. | Re 1.12 *as.* | Re 1.12 *as.* to Rs 2 | Rs 2.8 *as* to Rs. 2.12 *as.* |
| Ghee | per md. | Rs 13. | Rs 13 to Rs 16 | Rs 18 to Rs 24 |
| Coconut oil | per md. | Rs 12. | — | Rs 12 to Rs 12.8 *as* |
| Tobacco | per md. | Rs 3.8 *as.* | — | Rs 5 to Rs 10. |
| Betel nut | per md. | Rs 4.8 *as.* | Rs 3.12 *as.* to Rs 4. | Rs 4 to Rs 4.4 *as.* |
| Sugar | per md. | Rs 9 | Rs 8 to Rs 8.8 *as.* | Rs 9.12 *as.* to Rs 10. |

Index of 1797 taken from *Calcutta Monthly Journal*, Vol 3. Index of 1811 taken from Milburn, op. cit., Vol. 2, p. 157. Index of 1832 taken from *Bengal Commercial Reports*, 1832–3.

### PRICE OF RICE PER MAUND

| | Coomercolly | Malda | Santipore | Radhanagore |
|---|---|---|---|---|
| 1792–3 | 15 *as.* 8 *p.* | 10 *as.* 6 *p.* | Re 1.1 *a.* 6*p.* | 13 *as.* |
| 1813–4 | Re 1.1 *as.* 8*p.* | 11 *as.* 7 *p.* | Re 1 | Re 1.14 *as.* |
| 1822–3 | Re 1.7 *as.* 4*p.* | Re 1.5 *as.* 7*p.* | Re 1.14 *as.* | Rs 2. |

| | Keerpoy | Benares |
|---|---|---|
| 1792–3 | Re 1.12 *as.* 4 *p.* | 13 *as.* 6 *p.* |
| 1813–4 | Re 1.4 *as.* 7 *p.* | Re 1.12 *as.* 8*p.* |
| 1822–3 | Re 1.13 *as.* 8 *p.* | Rs 2.6 *as.* 3 *p.* |

*Proceedings, Bengal Board of Trade*, 453, Part 2, No. 48, 29 June 1827.

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|---|---|---|
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| | 13,814 | 37,282 |
| | 37,262 | |
| | 37,274 | |
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| | 38,410 | |
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